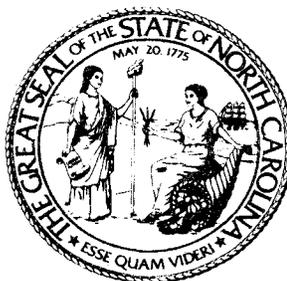


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SELECT COMMITTEE ON THE DEPARTMENT OF PUBLIC EDUCATION



**REPORT TO THE
1983 GENERAL ASSEMBLY
OF NORTH CAROLINA**

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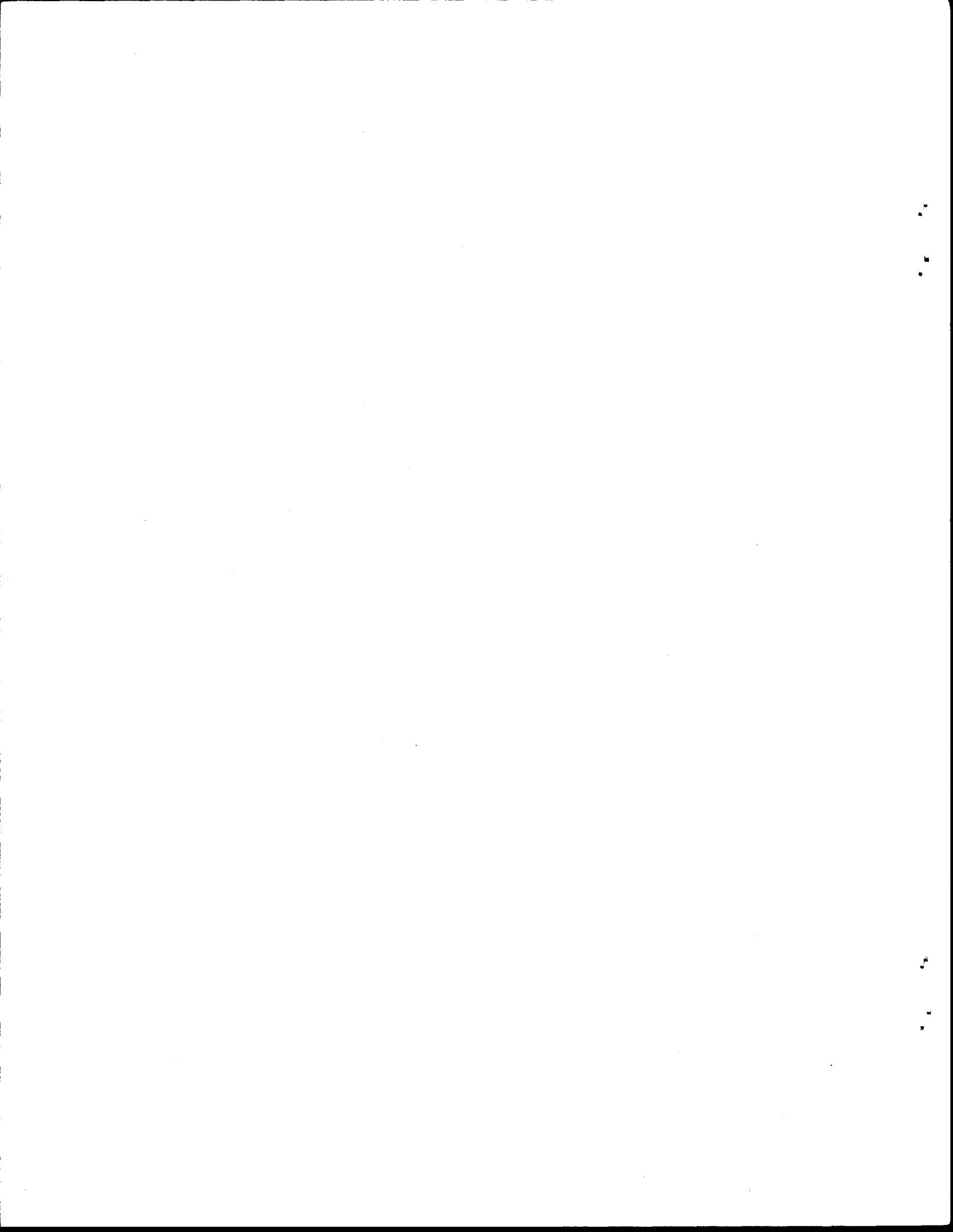
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January 1, 1983

TO THE MEMBERS OF THE 1983 GENERAL ASSEMBLY:

The Select Committee to Study the Department of Public Education herewith reports to the 1983 General Assembly of North Carolina under the authority of Chapter 1392 of the 1981 Session Laws (Regular Session, 1982).

Respectfully submitted,

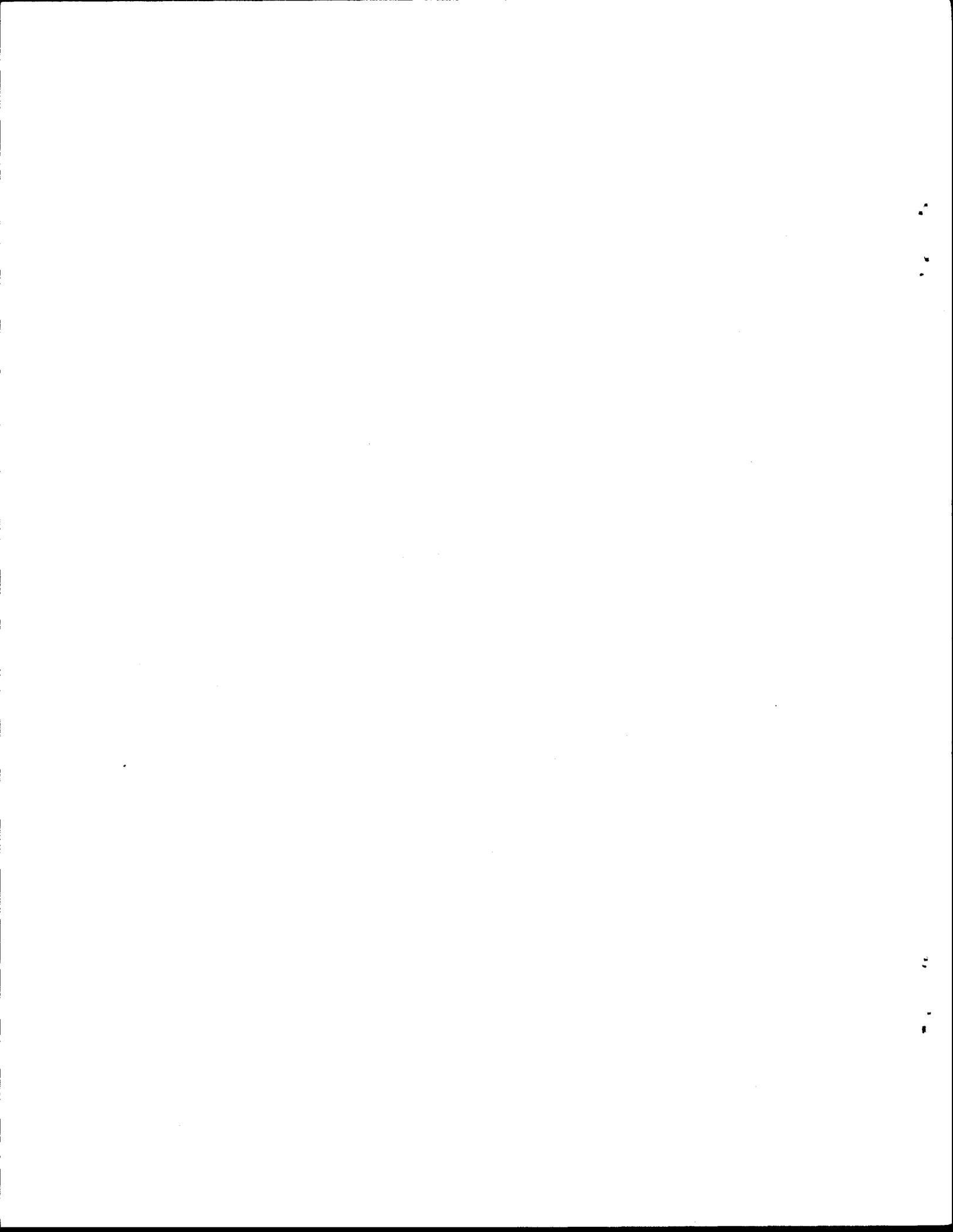
A handwritten signature in cursive script, appearing to read "Harold W. Hardison".

Harold W. Hardison

A handwritten signature in cursive script, appearing to read "Josephus L. Mavretic".

Josephus L. Mavretic

Cochairmen
Select Committee to Study the Department of Public Education



COMMITTEE PROCEEDINGS

Chapter 1392 of the 1981 Session Laws, Regular Session 1982 (Senate Bill 700) created the Select Committee on Education and required that the Committee "study the fiscal and operational functions of the Department of Public Education." The legislation directed that the study "include policies, procedures, philosophy and educational programs of the Department and . . . examine the constitutional tension created by the separate but interrelated powers of the Superintendent of Public Instruction and the State Board of Education." The Committee was directed to report to the 1983 General Assembly with the report to "include recommendations on providing better educational opportunities to the citizens of the State in a more cost effective manner." The full text of Senate Bill 700 is contained in Appendix A. The list of members of the Select Committee is contained in Appendix B.

In order to comply with the mandates included in Senate Bill 700, the Select Committee adopted a three phase procedure. PHASE ONE consisted of public hearings, held over four days, September 21-22 and October 13-14, 1982, at which 22 individuals or organizations were each given approximately one hour to respond to issues raised by the Committee, to address issues of concern to the individual or organization and to address issues raised by Committee members through questions. Tapes of the hearings and prepared statements submitted by witnesses are available through the legislative library. A list of those speaking at the public hearings is contained in Appendix C. The

central issues of all 22 presentations, in addition to issues and recommendations resulting from several studies of elementary and secondary education which have been conducted since 1963, were then consolidated and organized into three broad but interrelated categories: Governance, Personnel and Finance. The issues were organized into a series of working papers, stated in terms of public policy, for discussion by the Committee.

PHASE TWO consisted of analyzing, debating and refining the working papers into rough policy statements. This was accomplished, with assistance from legislative staff and others, in a series of public business sessions held November 16, 17 and 18, 1982.

PHASE THREE was a two step process:

(1) The rough policy statements were delivered to legislative staff to review for correct language and terminology, to calculate fiscal effects and to prepare draft legislation for policy implementation.

(2) When the staff completed its review and bill drafting, the Committee met in final session to approve the language of the report, the recommended public policy statements, and the several bill drafts. Minor changes adopted at the final meeting were included in the finished report, and copies of the report were reviewed and approved by Committee members before the final copy was printed.

The Committee sought to recommend public policy which would improve elementary and secondary education in North Carolina. The central theme of all Committee deliberations was

creation of "a public school system that graduated good citizens with the skills demanded in the marketplace, and the skills necessary to cope with contemporary society, using state, local and other funds in the most cost effective manner."

Early in the proceedings, the Committee realized that the major issues to be addressed were interrelated and interdependent but that there had to be some division if substantive debate was to occur. The Committee also realized that its own actions had to be consistent with its recommendations. Therefore, the Committee decided that its recommendations should take the form of statements of public policy, since that is the principal business of the legislative branch of state government, and that those statements of public policy would be grouped under three broad, interrelated categories; GOVERNANCE, PERSONNEL AND FINANCE. The remainder of this report is divided into three sections, each of which includes the findings of a majority as well as recommended policies. When necessary, draft legislation to make the policy a matter of law has been included as appendices. Those interested in a detailed review of the work of the Committee should contact the Committee clerk for access to tapes of hearings and business sessions. Materials related to the several studies consulted are available through the Legislative Library and the State Library.

If not before the public hearings, surely after them, the Committee understood not only the magnitude of the task before it, but the difficulties the Committee faced in initiating

the changes needed in governance, personnel, and finance in elementary and secondary education (K-12). The public hearings, to some extent, were a dress rehearsal for the arguments sure to follow the submission of this report to the 1983 General Assembly. Members of the General Assembly who have been involved in debates over educational issues, or who have studied the recommendations of various education study commissions, will recognize that most of the problems identified by the Committee are of long standing. Those members will also recognize that most of the proposed solutions have a historical basis.

The Committee feels the merit of this report, with its recommendations, is in its attempt to suggest a new direction for elementary and secondary education (K-12) policy which is rational, consistent, fair and practical. Finally, the Committee, through the several recommended policy statements and proposed bills, wants to clearly state, "The problems of elementary and secondary education (K-12) have been studied periodically for twenty years; it is time now for the General Assembly to do something about those problems."

GOVERNANCE

I.

For at least twenty years, there has been growing concern regarding the value of having the Superintendent of Public Instruction elected directly. No local school system in the State popularly elects its superintendent, and neither the University nor Community College System has an elected president. Moreover, there is substantive disagreement over who speaks for elementary and secondary education (K-12) in North Carolina: the State Board of Education, or the Governor, or the Superintendent of Public Instruction. This dilemma cannot be finally resolved without a constitutional change. Attempts by General Assemblies to correct this structural difficulty statutorially, or by the Governor to remedy it through appointments, have only clouded the basic issue.

Given the State Constitution and existing statutes, the issue of educational governance revolves around the relationships between several triads. First, there are the relationships among the State Board of Education, the Superintendent of Public Instruction and the immediate subordinates of the Superintendent. Next, there are the political relationships between the Department of Public Education (and its internal divisions), the executive branch of state government (the Governor) and the legislative branch (the General Assembly). There are also the relationships within the educational community between the elementary and secondary educational system, the community college system and the state's public and private higher

educational institutions. Finally, all of these state level relationships are influenced by state-local relationships involving local educational policy makers, funding sources and constituencies. In the past twenty years, several models have been offered to change the system of governance in elementary and secondary education (K-12). These proposals have come from within the Department of Public Education (from the State Board of Education as well as the Department of Public Instruction), from independent research facilities and from studies conducted within both executive and legislative branches of state government. None has addressed the full matrix of relationships, and none has been adopted. During the hearings held by the Select Committee, it became clear that a change in governance was needed. However, any new structure had to satisfy several criteria:

1. Promote sound management.
2. Assign authority and responsibility.
3. Maintain grass roots participation.
4. Reduce political influence.
5. Ensure coordination and cooperation between the three systems in the education community (elementary and secondary (K-12), community college and higher educational).
6. Reduce conflicts of interest.

In order to promote sound management and to assign authority and responsibility, the committee decided that the structure used in all local administrative units and used in both

the university and community college systems (indeed, used by nearly every major enterprise in the western world) should be the model for governance in elementary and secondary education: to wit, an elected State Board of Education, which hires a Superintendent to serve at the pleasure of that Board, the Superintendent of Public Instruction in turn hiring her/his immediate subordinates with the approval of the Board.

The next major problem was to expand grass roots participation in the system of governance while reducing political influence. The committee decided this could best be done by involving every local school board and each county's board of commissioners in the process of nominating candidates for the elected seats on the State Board of Education. In order to have a board of reasonable size, but geographically representative, the committee chose to use congressional districts as the base for the elected members. Each local board of education in a congressional district would recommend a candidate for membership on the State Board to the board of commissioners of the county in which the school board is located. Upon approval by the board of commissioners, that nomination would be sent to the presiding officer of the house of the General Assembly electing the State Board member from that congressional district in that session. After review of candidates by the standing committee on Education, the house would elect one candidate from that congressional district to a single four year term. If an individual sought a second consecutive four year term she/he would have to go through the

same process in the other house. In order to open the process to every citizen, the committee decided that any person who wanted to be considered by the electing house could come forward by petition of one percent (1%) of the registered voters in her/his home county. In order to reduce legislative influence in the process, no nominations could originate in either house, and no State Board member could seek election to a second consecutive term in the same house of the General Assembly.

Since education is the principal activity of the State, the committee felt that the executive branch should have reasonable representation on the State Board of Education. In keeping with this belief, and with precedent, the committee's proposed structure would retain two popularly elected members of the Council of State, the Lieutenant Governor and the State Treasurer, as members of the State Board. In addition, the Governor would appoint two members of the State Board. The executive branch would thus be represented by one-fourth of the normal voting members of the Board. (The Board has 17 members with the chairman voting only in case of a tie.) In addition, either of the gubernatorial appointees would be eligible for election to the chairmanship of the Board.

During the public hearings, the problems of cooperation, communication and coordination between the three systems in the education community were raised. The Committee's proposal seeks to remedy these problems by placing the chairman of each board (State Board of Education, State Board of Community Colleges and the University Board of Governors) on all three boards as voting

members, and by placing the presidents of the Department of Community Colleges and the University of North Carolina as well as the Superintendent of Public Instruction on all three boards as non-voting members. (The Committee decided that since the executive officers may not vote on their own boards, they should not vote as members of the other boards.) In addition, the Committee decided that the three boards should meet jointly, at least annually, to discuss educational matters of joint concern. Finally, the committee addressed the issue of conflicts of interest on the part of members of the State Board of Education. The Committee decided that no one should be prevented from serving, but if a conflict exists, the person should be required to resign the position creating the conflict before taking office on the State Board of Education.

Appendix D is a draft proposal to amend the Constitution and General Statutes in accordance with the findings of the Select Committee. The Committee recommends that the General Assembly adopt the following policy:

RECOMMENDED POLICY #1: GOVERNANCE

It is the policy of the State of North Carolina that the State Board of Education be an elected board which appoints the Superintendent of Public Instruction who serves at the pleasure of the State Board and who, in turn, appoints his or her principal subordinates with the approval of the State Board of Education.

In order to have cooperation and coordination between elementary and secondary education (K-12), the community college

system and the university system, the chairman of the governing board of each of the three systems shall each be a full voting member on each of the three governing boards. In addition, the President of the university system, the President of the Community College system and the Superintendent of Public Instruction shall each be a non voting member on each of the three governing boards.

At least annually, the State Board of Education, the State Board of Community Colleges and the University Board of Governors shall meet jointly to discuss matters of education and to recommend to the General Assembly such policies as are appropriate to encourage the improvement of education at every level in this state. The first such joint meeting shall be hosted by the University Board of Governors in 1984, the second by the State Board of Education in 1985, and the third by the Board of Community Colleges in 1986. This rotation shall continue unless changed by the General Assembly.

II. Governance

In the course of its inquiry and discussions, the Committee concluded that many of the administrative difficulties in elementary and secondary education stem from the plethora of statutes, some of which are conflicting, which have emerged as reactions to governance conflicts. In consonance with the Committee's recommendation to clearly define the system of governance in elementary and secondary education, the Committee decided that it would be in the public interest to review the statutes pertaining to public education. Appendix E is a draft proposal to implement the following policy, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY # 2: GOVERNANCE

It is the policy of the State of North Carolina that the elected State Board of Education be the principal voice for elementary and secondary education in this State. To this end, the House and Senate Standing Committees on Education shall jointly undertake a review of the statutes pertaining to public education with the objectives of reducing in number the laws concerning public education, and determining which of the remaining statutes should be redefined as regulations of the State Board of Education. The committees are further directed to analyze the effect of the laws in regard to demands placed on local school administrative units. In the analysis, the committees shall determine directly from employees of local school units what reports are required and the attendant costs in time and money.

This review shall be completed and recommendations for corrections and deletions presented to the 1983 General Assembly not later than 1 May 1984.

III. Governance

In the 1981 General Assembly, the issue of the number of state-funded school administrative units was raised. The issue goes back at least to 1933. Simply stated, the conflict is between those who believe the State should fund no more than one school administrative unit per county and those who believe counties should be allowed to have more than one state funded school administrative unit. According to data offered in the course of the public hearings, seventy (70) of our one hundred (100) counties have a single state-funded administrative unit. Within the remaining thirty (30) counties there are seventy-three (73) state-funded school administrative units. Of the thirty (30) counties with multiple, state-funded school administrative units, twenty (20) have two (2) units, eight (8) have three (3) units, one (1) has four (4) units and one (1) has five (5) units. Actual unit size in multi-unit counties ranged from five hundred sixty-one (561) to thirty-four thousand seven hundred sixty three (34,763). Fiscal analysis did not reveal any compelling monetary need to reduce the number of state funded school administrative units although estimated minimum savings of state funds ranged from one (1) to five (5) million dollars. On the other hand, the size of the units in the multi-unit counties raised serious questions. The Committee was told by professional educators that a reasonable minimum average daily membership (ADM) for a school administrative unit was about six thousand (6000). A unit with 6000 ADM could offer a well-rounded curriculum with supporting services. Forty-four (44) units in multi-unit counties fall

below the 6000 ADM figure. If each county had only one school administrative unit, only one of the 30 multi-unit counties would contain a unit with less than 6000 ADM. (See Appendix F). The Committee recognized the emotional link between citizens and their local school unit in the multi-unit counties, and opted for a policy that would permit single unit counties, whose populations could not produce a unit with at least 6000 ADM, to merge their school unit with other counties. Recognizing the several administrative, operational, financial and legal problems related to school unit mergers, the Committee makes no recommendation on this issue at this time and recommends that the General Assembly continue the Select Committee on Education in order to conduct further study of educational issues and report to the 1984 Regular Session of the 1983 General Assembly.

Appendix L.

IV. Governance

The final governance issue considered by the Committee was the question of administrative costs of operating our elementary and secondary educational system (K-12). The Committee finds that one way to free money for improved classroom instruction is to hold administrative costs to a minimum. After analysis of the current organization of the Department of Public Education, and in light of the Committee's view that the State Board of Education should be responsible for elementary and secondary education, the Committee recommends the use of factors and formulas to determine the priority of expense that administrative costs should have. By the use of factors and formulas, the General Assembly can clearly state its intent regarding the control and constraints of administrative costs while allowing some flexibility. Essentially, the factors and formulas allow the General Assembly to determine precisely the number of professional personnel positions allowed the Department of Education, based upon the Statewide ADM, and to predict accurately the budget costs of those personnel positions. Within these two constraints, total positions and budgeted personnel costs, the State Board of Education will be free to mix its administrative resources in the most advantageous manner. The recommendation calls for frequent and continuing review of administrative costs by both houses of the General Assembly. Section 1 of Appendix G is a draft of legislation to implement the following policy, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY #3: GOVERNANCE

In order to control the State's administrative costs for elementary and secondary education (K-12), it is the policy of the State of North Carolina to use factors and formulas to define the total number of State funded professional employees employed by the Department of Public Education and to determine the total costs of those employees.

The total number of State funded professional employees in the Department of Public Education shall not exceed the sum of two hundred (200) positions plus the result of the total Average Daily Membership in the public elementary and secondary schools of North Carolina multiplied by .000364. The total costs of State funded employees in the Department of Public Education, as determined by the above formula, shall not exceed the continuation and expansion budget of the State for elementary and secondary (K-12) education multiplied by .01. Each biennium, the Standing Committees on Education in the House and Senate shall jointly review the factors controlling the costs of the administration of the Department of Public Education to ensure that the least possible money is spent on administration. Each biennium the Standing Committees on Education in the House and Senate may recommend to the respective committees on appropriations such changes in the formulas for State funded professional personnel and State funded personnel costs as are necessary to ensure the efficient operations of the State Department of Education.

FINANCE

I.

The Committee could find no reference to any policy enacted by a General Assembly regarding limits to the funding for education from state revenues. In fact, the Committee had some difficulty establishing a reasonably accurate historical percentage of the annual state revenues devoted to public education. Early in its deliberations, the Committee recognized the need for an acceptable fiscal departure point in the discussions relative to school finance. In the absence of precedent, the Committee decided to identify the major historical components of the total state revenue devoted to public education, and to express that amount as the percentage of state effort for education. This approach gave the Committee a one hundred percent (100%) education figure which could in turn be divided into several parts to reflect the percentage of public education funds devoted to elementary and secondary education (K-12), community colleges, the university system, and other educational programs. The fiscal research staff identified 16 major historical components of the cost of education, and their data indicated that in 1980-81 approximately 79.3% of all State general fund tax revenue was spent, in one way or another, for public education. Appendix I. Over the past five years, approximately 75 percent of all State General Fund tax revenues have been spent for public education. Since so much of the State's revenue has been used for education in an apparently open-ended process, the Committee decided to recommend a

percentage ceiling on the amount of revenues the State should expend for education. In the absence of such a ceiling, there is no benchmark for measurement and no rational way to address issues of cost containment. Section 1 of Appendix G is a draft of legislation to implement the following policy, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY #1: FINANCE

It is the policy of the State of North Carolina to allocate no more than seventy-five percent (75%) of the State's total general fund tax revenues to the State's total cost of education. The State's total cost of education shall include: all costs for all educational programs in elementary and secondary education (K-12); community colleges; the University system; whatever financial aid is provided for North Carolina students attending private colleges and universities in North Carolina; educational programs provided by the several other departments of state government (such as the Departments of Human Resources and Corrections); debt service for bonds providing funds for education; the contribution of the courts toward education; and such other State funds as from time to time may be appropriated or identified for educational purposes.

II. Finance

The committee next addressed the contribution of local governments to the cost of elementary and secondary education (K-12). This was necessary since the State, to some degree, controls the revenue producing capabilities of each county. Here, the need for adequate local sources of revenue, and the

need, often stated in the public hearings, for more local control of educational activities, combined with the need for thrift. In essence, the committee decided that if the State felt it necessary to have a sales tax to provide the services demanded of the State, then local governments ought to be allowed to levy up to the same amount of sales tax to provide the services demanded of local government. By using the State sales tax levy as the ceiling for the local sales tax levy, the State could provide some taxing flexibility for local governments at the same time the State eliminated the criticism that local governments were mandated to provide services without adequate resources. An expanded local revenue, based upon a locally levied sales tax, could also encourage local governments to remain cost-conscious in elementary and secondary education (K-12) expenditures if incentives for thrift were incorporated in school system budgets. By placing adequate revenue sources at the local level, the State could continue a policy of decentralization of elementary and secondary education since responsibility, authority and resources would be in balance at the local government level. Section 5 of Appendix G is a draft of legislation to implement the following policy, which the committee recommends the General Assembly adopt.

RECOMMENDED POLICY #2: FINANCE

It is the policy of the State of North Carolina to decentralize the administration and operation of elementary and secondary public education (K-12). In consonance with this policy, it is the intention of the state to place as much

responsibility, and concomitant authority, for the local program of elementary and secondary education (K-12) under the final control of local school boards and boards of county commissioners as is possible within the bounds of common sense and the public good. It is also the intention of the state to provide for local sources of revenue equal to the responsibility for providing the requisite standard course of study as determined by the State Board of Education. With this in mind, the General Assembly authorizes each of the several counties to levy a local sales tax up to, and including, the three percent (3%) levied by the State for the State's General Fund. From time to time, each county may, without the approval of the General Assembly, vary its local sales tax levy within this constraint in a manner to be decided by each of the several counties. Consistent with established constitutional and legal frameworks, counties are encouraged to seek ways to mitigate the effect of local sales taxes upon those citizens who have marginal incomes.

III. Finance

For decades, school law in North Carolina has required the State to provide the funds to operate public schools, and the several counties to provide capital funds. The Committee found that such has not been the case. There has been a gradual blurring of the financial responsibilities of both local and State government vis-a-vis elementary and secondary education (K-12). A consistent criticism by nearly all special interest groups during the public hearings was the absence of clear lines of fiscal responsibility. After the public hearings, and a

review of the several studies, it became clear to the Committee that although the current policy looked good on paper, it had not succeeded in practice. Local governments currently contribute a significant portion of the costs of system operation, and the State, through bonds, has become substantially involved in capital outlays.

Of the several alternatives proposed to the Committee, the model which offered the most promise for a return to well defined areas of financial responsibility for State and local governments was one in which State responsibility is tied to fixed costs, and local responsibility is tied to variable costs. This approach enables the State to concentrate its resources on established priorities of effort while enabling local governments to control variable costs through local options. Simply put, this model allows local government to manage those activities over which it has most control, within a system of checks and balances. This model reflects the realities of the current funding patterns. It gives the State the responsibility for deciding capital outlay for school facilities and for reserving funds for replacement, but assigns responsibility for operations, preventive and routine maintenance to local government. The model eliminates open ended State funding for energy costs by requiring energy budget approval before appropriation. It encourages thrift in energy expenditures by requiring local funding of budget overruns and local retention of budget savings.

Since education is a labor intensive activity, the costs of salaries, benefits and retirement would be shared by state and

local governments. Under a minimum salary schedule, the State would be responsible for a certain percentage of the minimum salary. Local government would be responsible for the remainder of the minimum salary and for a variable amount which would depend upon local conditions. In order to mitigate differing economic bases in the several counties, the State's contribution to the salary schedule would be adjusted for economic factors.

Support costs for such things as textbooks, classroom materials, etc. would be divided into a State contribution, which would become the fixed cost and a local contribution which would become the variable cost. Sections 2 and 3 of Appendix G are sections of legislation to implement the following policy, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY # 3: FINANCE

It is the policy of the State of North Carolina to begin to provide all funds for capital outlay for elementary and secondary school facilities. Such capital outlay funds shall include funds for buildings, buses, recreation fields, and such other real property and facilities as are required for the standard course of study determined by the State Board of Education. The State Board of Education shall be responsible for the design and construction of elementary and secondary school facilities and for determining both the economic life and replacement period for such facilities. On the date of acceptance from the contractor, the State Board of Education shall announce the economic life and replacement date of each school facility and shall begin to accumulate funds in an account

established solely for the replacement of elementary and secondary school facilities. As additional school bus needs are anticipated, and after approval by the State Board of Education, the State shall purchase the original bus and the local government shall purchase subsequent replacements.

In addition to funds for capital outlay, the State of North Carolina shall provide such funds as are required for energy in the school's facilities based upon local energy management plans, and bus route plans, both of which must be approved by the State Board of Education. Local energy budget overruns shall be borne by the local government, and local energy budget surpluses are to be retained by the local school administrative unit for the replacement of school buses or for maintenance. The costs of maintenance and operation of all elementary and secondary school facilities and equipment, except for energy, shall be the responsibility of the local county board of commissioners. The State Board of Education shall conduct frequent facilities inspections to ensure that reasonable preventive maintenance and routine maintenance are performed. The State Board of Education is authorized to withhold any and all state energy funds to ensure compliance.

By June 1, 1984, the State Board of Education shall promulgate regulations and procedures for the operation and maintenance of facilities and for public school transportation which include incentives for thrift.

IV. Finance

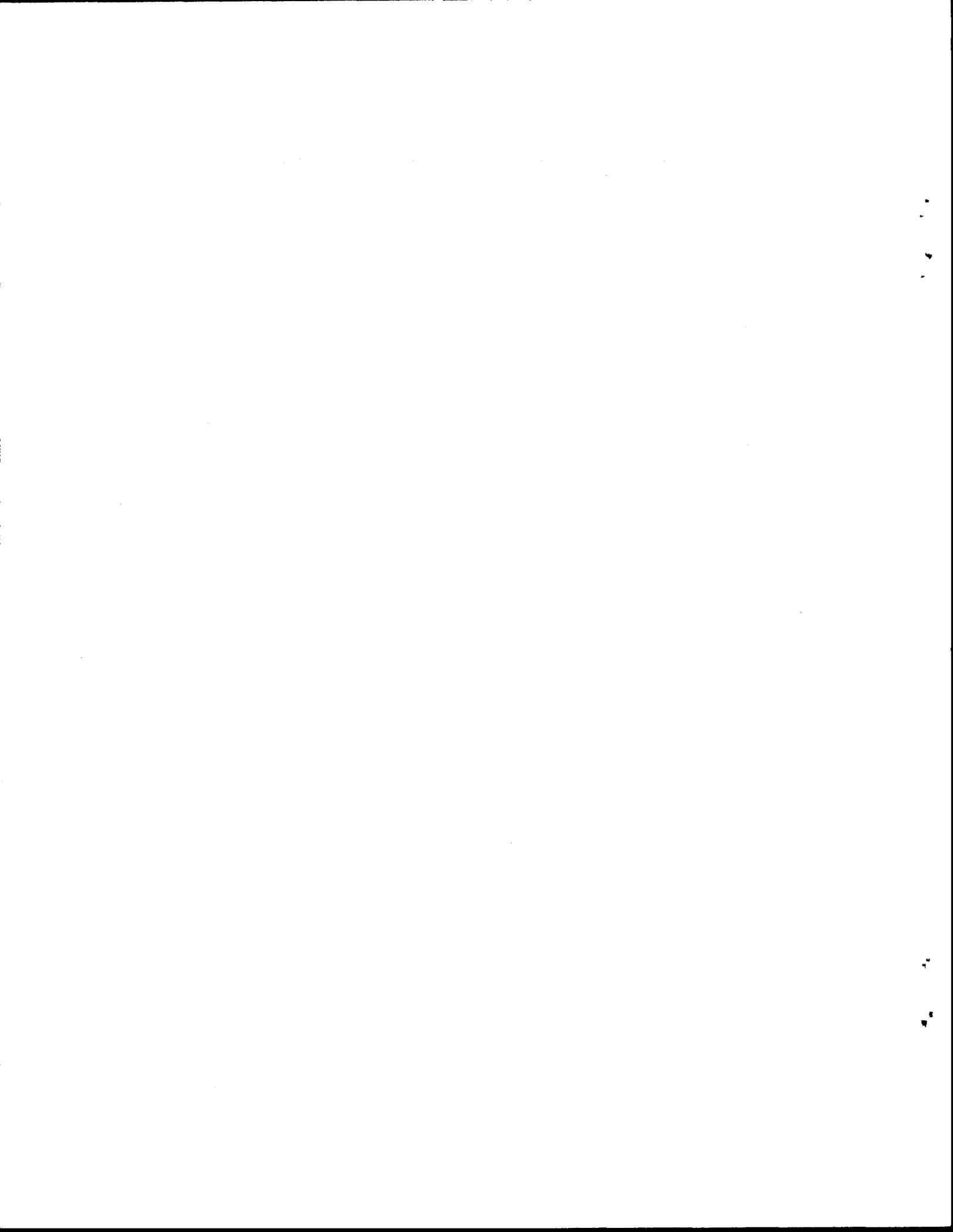
In keeping with a policy emphasizing more local control

of elementary and secondary education (K-12), and in response to criticism of line-item budgeting raised in the public hearings, the Committee recommends that the State Board of Education conduct a limited evaluation of block grant appropriations. The basis for this recommendation is that advocates believe that block grant appropriations, which are based on a per-pupil expenditure, will reduce costs, encourage innovative educational practices, and improve the quality of instruction. The Committee carefully worded the policy statement to limit the number of units involved in testing, to establish useful measurement criteria, and to limit the duration of the evaluation. Section 4 of Appendix G is draft legislation to implement the following policy, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY # 4: FINANCE

It is the policy of the State of North Carolina to evaluate a system of block grant appropriation of State funds, determined on a per pupil basis, through the State Board of Education, to the several local school administrative units. With this in mind, commencing with the school year beginning in 1984, the State Board of Education will select not less than ten (10) and not more than twenty (20) school administrative units for the evaluation of this block grant concept. The State Board of Education will recommend to the 1983 General Assembly, not later than June 1, 1984, the criteria to be used to measure the efficiencies, economies and hazards of block grant appropriation. The State Board of Education will report results of the

evaluation, with recommendations to change State appropriation procedures, either in whole or in part, to the 1985 General Assembly, not later than May 1, 1986.



PERSONNEL

I.

Elementary and secondary education (K-12) is a labor intensive activity which currently expends over 80 percent of its budget for employee salaries and benefits. The Committee initially sought a direct connection between the quality of classroom instruction and the proportion of resources devoted to personnel costs. If such a connection exists, it is tenuous at best. Next, the Committee sought a connection between advanced academic degrees attained by classroom teachers and the quality of classroom instruction in elementary and secondary education (K-12). This link was explored on the basis that advanced education should be rewarded only if that additional education led to improved classroom instruction. Not only could the Committee find no data to support such a relationship; but the Committee found that only about 30 percent of elementary and secondary classroom teachers have attained advanced degrees, despite a salary schedule of rewards based on advanced degree attainment.

Overall, the Committee could find no significant relationship between the current salary schedule and teacher performance. Teachers seem to place as much value on classroom independence, and on freedom from non-teaching chores, as on the salary schedule. In the opinion of the Committee, any salary schedule must satisfy three basic requirements: (1) it should support a reasonable lifestyle, (2) it should satisfy the individual's need for security at retirement, and (3) it should provide protection from financial crisis caused by illness or accident. The current

salary schedule satisfies these three basic requirements. Additionally, a salary schedule should assist in recruitment and retention, it should provide indices for self-evaluation and personal goal setting, it should be as flexible as possible, and it should complement the entire career pattern. The current salary schedule does not satisfy these additional requirements. The Committee finds that the current salary schedule for classroom teachers fails to assist in retaining capable teachers, encourages mediocrity, is structured to retain marginal teachers, contains few incentives and generally does not support personal goal-setting and evaluation. Under the current salary schedule, the most marginal teacher is paid the same as any other. There are no steps in the current schedule to provide personal goals, and there is no formal way to use demonstrated expertise in classroom job descriptions. Also, there is little room for reciprocal evaluation between teachers and the administrative unit. There is no provision for self-improvement with reasonable compensation during the first decade of employment. In addition, the current schedule is inflexible and thus does not enable local governments to respond to local conditions within their resources. The foregoing criticisms of the current teacher salary structure are damaging enough, but there are two overriding flaws which cannot be ignored. First, the salary schedule begins at too low a level, as evidenced by the continuing decline in the quality of entry-level teachers. Second, the current schedule lacks enough steps. It is complete after the tenth year of a 25 to 30 year career. In the opinion

of the Committee, the State must take immediate corrective measures if our public elementary and secondary education (K-12) system is to compete with the private sector for qualified teachers.

In the course of the public hearings, and during the review of the several studies on teacher salaries, the concept of differentiation emerged. There appears to be an informal differentiation among classroom teachers which is tacitly understood, and routinely used, by both teachers and administrators. Students, teachers and administrators know who the good, average, and poor teachers are in a school. This informal differentiation is used by all to decide classroom assignments, supervisory responsibilities, leadership roles, fiduciary responsibilities, and to make many other personnel decisions. In the opinion of the Committee, this informal differentiation should be made a part of the salary schedule in order to improve the quality of classroom instruction.

The policies of teacher differentiation and teacher differential pay are interdependent. Teacher differentiation is a method of identifying desirable characteristics and capabilities developed during long practice of the profession. Differential pay, in part, is a method of rewarding differentiation. Therefore, pay differential is based, in part, on teacher differentiation in recognition of superior performance over time.

It is the finding of the Committee that differentiation should be the basis of the salary schedule for elementary and secondary

teachers. Differentiation should be based upon performance over time, measured by standardized evaluation routinely administered by trained and competent administrators. The Committee rejects all teacher salary schedules based upon annual merit increases as these increases are subject to the vagaries of interpersonal relations and should not be used as economic determinants. On the other hand, performance evaluations, which portray individual performance over several years, should accurately reflect true competencies. The principal ingredients that lead to superior performance over time seem to be: (1) the teacher's knowledge of the subject matter relative to the class level being taught, (2) adequate contact time between the teacher and each student, and (3) a unique, individual ability to transfer knowledge and to challenge a student's abilities.

The Committee recommends creation of at least five levels of differentiation, each level to involve four to eight years of employment. Such a system would contain a series of rewards for teaching performance over an entire 30-year career.

A difficulty inherent in any system in which performance is a variable is a tendency to understate or overstate the performance of individuals. To overcome this difficulty, the policy proposed by the Committee would permit the State Board of Education to intervene in a local administrative unit where imbalances in performance evaluations are obvious. Through this mechanism, with the burden on the local unit to justify or validate such imbalances, a reasonable distribution of personnel among the differentiated levels in the local school administrative units

can be expected.

Two other factors relating to salaries of classroom teachers are elements which cannot be determined by the State with any degree of confidence. These two factors are subject matter or teaching area and the geographical location of local school administrative units; both substantially affect the supply and cost of teachers. The Committee recognizes that salary cost elements are affected by variable teacher supply, as determined by subject matter and geographical variations, and that these elements must be addressed. The Committee believes these elements are best dealt with through local funding. For this reason, the Committee supports creation of a minimum salary schedule composed of two mandatory increments, with an optional third increment (funded locally) which would compensate for teacher supply shortages caused by subject matter and geographical variations.

The major salary increment would be paid from the State's general fund tax revenues and would include employer contributions to retirement as well as other benefits. This major increment would pay, on a statewide average, not less than seventy per cent (70%) of the minimum salary schedule. Use of the words "statewide average" is important as it is the intention of the Committee to recommend use of a statewide measure of local ability to pay to adjust the amount of State funds received by each administrative unit as the State's contribution, not less than seventy percent (70%) of minimum salary. Appendix J is a theoretical salary chart adjusted by a statewide measure of local

ability to pay. The minor salary increment, to be paid from local revenues, would be the difference between the major increment and the minimum salary set by the State Board of Education for each level of differentiation. The optional increment is to be paid from local revenues and would be whatever amount is necessary to attract teachers required in the local school administrative unit by the standard course of study. As in the past, the optional increment could be used to pay personnel in programs not part of the standard course of study but desired by the local citizenry.

In the opinion of the Committee, changes in capital outlay responsibilities, use of a statewide measure of local ability to pay to compensate for revenue base disparities, and improved energy management should mitigate the need for local governments to resort to sales tax increases except in those counties where tax ability exists but adequate resources have not been devoted to education in the past.

Whenever changes are made in a salary structure, two groups are affected: current employees and future employees. Current employees, employed as professionals under the existing Fair Employment and Dismissal Practices Act, G.S. 115C-325, have every reason to expect the State to honor its commitment to the salary structure existing when they were hired. Citizens should expect their government to keep its word. With this in mind, the Committee recommends that professional employees be permitted to choose between being included in the differential system or remaining under the salary schedule preempted by the new system;

the choice shall be made within one year of implementation of the new system. The choice boils down to one between an opportunity for higher career earnings based on performance and differentiation versus the security of the current career status system.

The effect of a differential salary system on future professional employees would differ. Professionals employed under the new system would be paid more than earlier entrants at first, less than some with moderate levels of seniority who elect to continue under the current system; but the new employees will receive more over the course of their careers than those who continue under the current system. Appendix K charts the aberration resulting from this mix of old and new systems. The advantages of a salary system based on differentiation for new employees, and for current employees who opt for the new system, are higher lifetimes earnings based upon performance, a system of differentiation which facilitates goal-setting and rewards, and a recognized career ladder which has the potential for self-improvement as well as career control. Appendix H is a draft of legislation to enact the following policies, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY #1: PERSONNEL

It is the policy of the State of North Carolina to encourage the differentiation of classroom teachers. The State Board of Education, after consultation with local boards of education and with at least 10 days notice to local boards of education, shall adopt a policy defining at least five categories of classroom

teachers. The Board shall adopt such a policy not later than January 1, 1985.

Criteria for differentiation shall include performance and may include time in service and such other criteria as the State Board shall deem necessary. Differentiation shall be an integral part of the determination of the individual teacher's salary. Between the seventh and twelfth year of service, each classroom teacher shall be afforded twelve months of sabbatical leave for self improvement at the minimum salary less the local variable increment, under the condition of 30 months employment as a classroom teacher or assistant principal immediately following the sabbatical period.

The State Board of Education, after consultation with local boards of education, shall develop such personnel policies as are required to ensure a coherent progression through the system of differentiation by classroom teachers. Personnel policies shall be developed by the State Board of Education which prevent imbalances at any level of differentiation.

If there is evidence of an imbalance or abnormality in the distribution of performance evaluations and/or classroom teacher differentiations, the State Board of Education shall be empowered to review performance evaluation and staffing patterns of a local school administrative unit to ensure reasonable distribution of performance evaluations and classroom teacher differentiations.

RECOMMENDED POLICY #2: PERSONNEL

It is the policy of the State of North Carolina for the salaries of professional educators in elementary and secondary

education (K-12) to be based upon performance, differentiation and the needs of the local school administrative unit. Performance shall be measured by standardized evaluations which are routinely administered by competent and trained administrators who have themselves demonstrated meritorious performance in the classroom. Differentiation shall be based upon superior performance over time. The needs of the local school administrative unit shall be defined by the local board of education and the local board of county commissioners, and the funds to meet those needs shall come exclusively from the local government.

RECOMMENDED POLICY #3: PERSONNEL

It is the policy of the State of North Carolina to begin, in the school year beginning in 1985, a differential salary system based upon performance, differentiation, local availability of classroom teachers, geographical location of the employing local school administrative unit, and such other factors as the local school board shall deem necessary.

Each salary shall consist of three increments. The major increment shall be a base amount, on a differentiated scale, adjusted by a statewide measure of local ability to pay, and paid from state general fund tax revenue. The minor increment shall be the difference between the major increment and the minimum salary schedule. The minor increment shall be paid from local revenue. The third, or variable increment, shall be a variable amount, determined by the local government and based upon the needs and conditions of the local school administrative unit.

The variable increment shall be paid from local revenue.

The statewide measure of local ability to pay shall be used to adjust the major increment of the minimum salary schedule for revenue base disparities among the local governments supporting the several local school administrative units. The measure of local ability to pay shall be adjusted by the General Assembly at least following each decennial census of the population. The first statewide measure of local ability to pay shall be based upon the 1980 census data and such other data as the General Assembly shall prescribe.

Notwithstanding this new salary policy, teachers currently employed under the existing Fair Employment and Dismissal Practices Act, G.S. 115C-325, shall be afforded the opportunity of either continuing under the current salary schedule until retirement or electing, on or before 1 June, 1986, to change their conditions of employment to come under the differential salary system. Employees whose initial contracts begin with the 1985-86 school year or thereafter shall be employed under the differential salary system.

II. Personnel

The Committee finds that there is merit to opposition from teacher organizations regarding the lateral entry into the teaching profession by skilled individuals from the private sector. The Committee also finds that private enterprise, in many sectors, does an excellent job of educating. The Committee also finds that non-professionals have been encouraged to teach in public schools through such programs as adopt-a-school and

other volunteer teaching activities. On balance, the Committee finds that there is room for entry into teaching, above the base level, for certain individuals with recognized skills, but the Committee is reluctant to admit that there is only a marginal requirement for baccalaureate training to be a classroom teacher. In order to have state policy consistent with the need for the State Board of Education to establish credential criteria for elementary and secondary school personnel, at the same time consistent with the need for local school boards to have maximum hiring flexibility, the Committee chose to recommend a policy of permitting lateral entry under standards prescribed by the State Board of Education. However, in the opinion of the Committee, the State Board of Education should not be permitted to allow lateral entry above the mid-range level of differentiation because superior classroom teaching experience will have been required at the higher levels. Section 2 of Appendix H is a draft of legislation to implement the following policy, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY #4: PERSONNEL

It is the policy of the State of North Carolina to permit lateral entry into the profession of teaching by skilled individuals from the private sector. To this end, before the 1984-85 school year begins, the State Board of Education shall develop criteria and procedures to accomplish the employment of skilled individuals as classroom teachers. Regardless of credentials or competence, no one shall begin teaching above the third level of differentiation.

III. Personnel

One of the key elements in any performance evaluation system is the credibility and competence of the evaluator. Classroom teachers, and their associations, have a legitimate quarrel with performance evaluations from unqualified personnel. The Committee recognized that to have credibility among professionals, one must be a professional; and, that to lead classroom professionals, one must have been an exemplary classroom professional. In the opinion of the Committee, school principals set the standards and attitude within a school and, to a large extent, dictate the performance of a school. With this in mind, the Committee finds that candidates for principal must not only have advanced formal training in education administration but that they should have demonstrated superior performance, over time, in the classroom. This combination of superior performance over time, and advanced formal education specifically designed to train teachers to be principals, is requisite to confidence in the system of performance evaluation and teacher differentiation. Section 3 of Appendix H is a draft of legislation to implement the following policy, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY #5: PERSONNEL

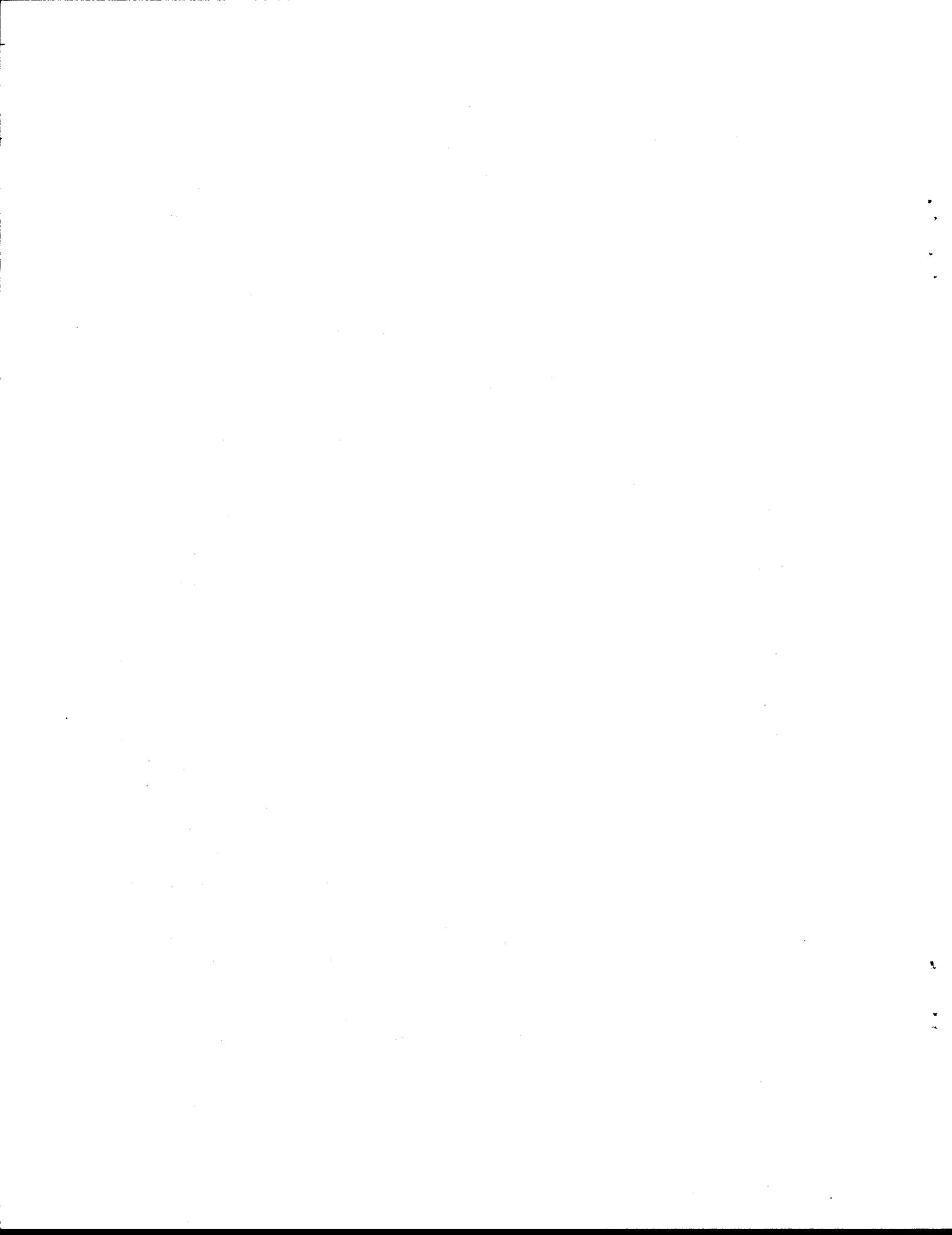
It is the policy of the State of North Carolina that, subsequent to the adoption of a system of classroom teacher differentiation, and prerequisite to candidacy for principal, a classroom teacher must have attained at least the third level of differentiation and possess, at least, a Masters Degree in Education Administration.

IV. Personnel

To be consistent with a policy of decentralization and increased local control of elementary and secondary education (K-12), the Committee finds that the State should eliminate the requirement for State approval of the superintendents of each local system. If a local school board is to have responsibility for the performance of its system, it should have the authority to decide who the superintendent of that system is to be. However, to insure a measure of consistency statewide, it should be the prerogative of the State Board of Education to prescribe minimum standards for superintendent candidates. Section 4 of Appendix H is a draft of legislation to implement the following policy, which the Committee recommends the General Assembly adopt.

RECOMMENDED POLICY #6: PERSONNEL

It is the policy of the State of North Carolina that the superintendents of each of the several local school administrative units be hired solely on the discretion of the local boards of education. However, a candidate for superintendent of a local school administrative unit must have been, at least, a principal and shall have such other credentials and educational prerequisites as the State Board of Education shall prescribe. Candidates for superintendent of a local school administrative unit who have not served as a principal in a local school administrative unit in North Carolina must satisfy the State Board of Education that they have had at least an equivalent experience.



APPENDIX A
CHAPTER 1392
SENATE BILL 700

AN ACT TO CREATE A SELECT COMMITTEE TO STUDY THE DEPARTMENT OF
PUBLIC EDUCATION.

Whereas, the Declaration of Rights in the Constitution of North Carolina guarantees the people the "right to the privilege of education" and makes it the "duty of the State to guard and maintain that right"; and

Whereas, the Constitution of North Carolina mandates that the General Assembly "provide . . . for a general and uniform system of free public schools"; and

Whereas, the Department of Public Education is comprised of a Superintendent of Public Instruction elected by the people and a State Board of Education consisting of the Lieutenant Governor, the Treasurer and 11 members appointed by the Governor; and

Whereas, the Constitution of North Carolina grants the Superintendent and the State Board of Education interrelated powers which may lead to irreconcilable differences; and

Whereas, the General Assembly feels it is necessary to study the fiscal and operational functions of the department of Public Education so as to guarantee the fundamental right of the people to the privilege of education and to provide for a general and uniform system of free public schools; Now, therefore,
The General Assembly of North Carolina enacts:

Section 1. There is created a Legislative Committee to

Study the Department of Public Education. The Committee shall consist of five members appointed by the Speaker of the House and five members appointed by the Lieutenant Governor.

Sec. 2. Members of the Committee shall be reimbursed for travel and subsistence expenses at the rates set out in G.S. 120-3.1. All expenses of the Committee shall be paid from funds appropriated to the General Assembly. The Legislative Services Officer shall provide staff to the Committee.

Sec. 3. The Committee shall study the fiscal and operational functions of the Department of Public Education and shall consider the effect to placing the fiscal functions of the Department under the Office of State Budget and Management. The study shall include policies, procedures, philosophy and educational programs of the Department and shall examine the constitutional tension created by the separate but interrelated powers of the Superintendent of Public Instruction and the State Board of Education.

Sec. 4. The Committee shall report to the 1983 General Assembly. The report shall include recommendations on providing better educational opportunities to the citizens of the State in a more cost-effective manner. The report may include proposed legislation including proposed constitutional amendments.

Sec. 5. This act is effective upon ratification.

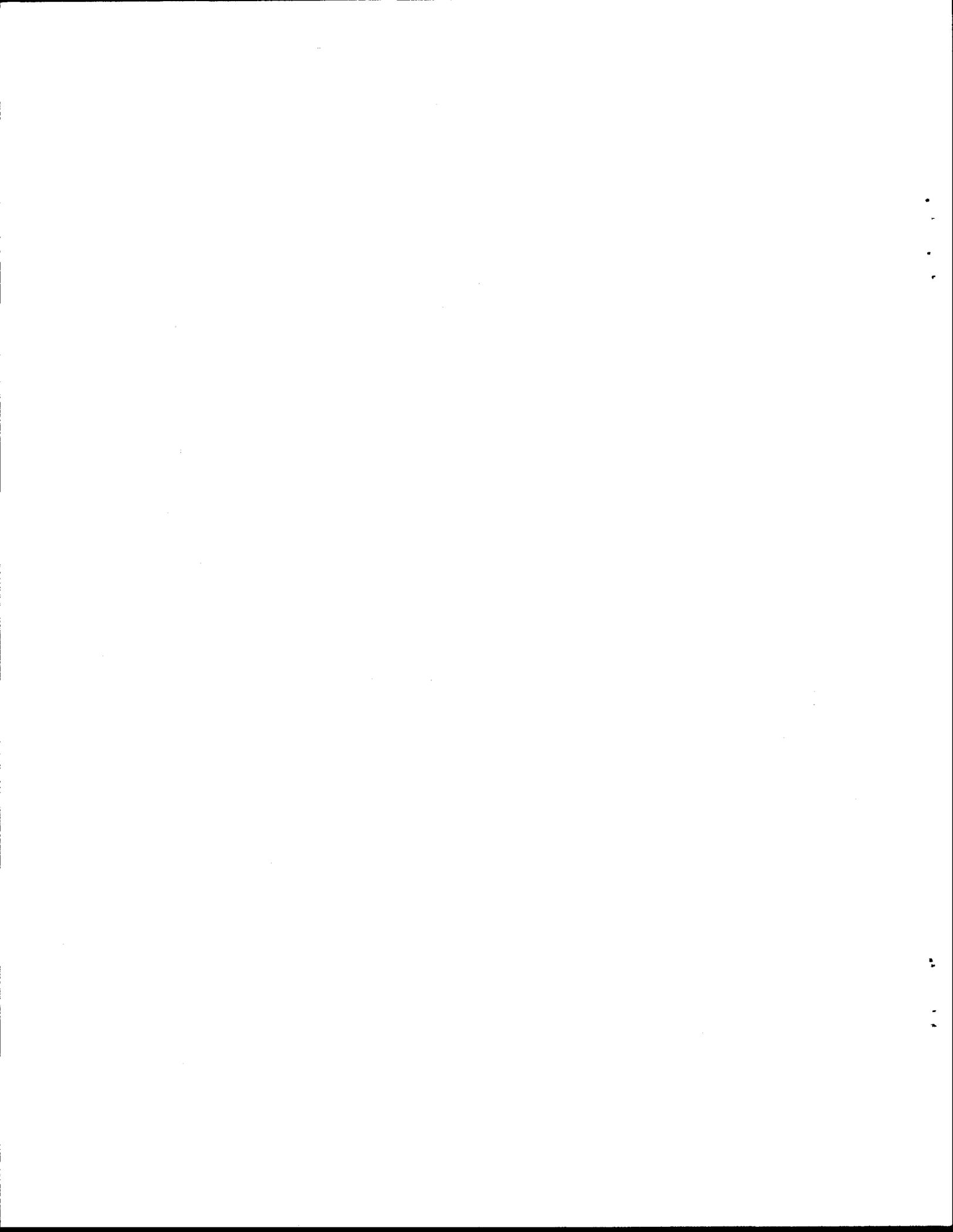
In the General Assembly read three times and ratified, this the 23 day of June, 1982.

James C. Green

President of the Senate

Liston B. Ramsey

Speaker of the House of Representatives



APPENDIX B

Membership, Select Committee on Education

Appointed by Lieutenant Governor: Appointed by Speaker of the House

Senator Harold W. Hardison,

Co-chairman

Box 128

Deep Run, N.C. 28525

Senator Paul S. Smith

P.O. Box 916

Salisbury, N.C. 28144

Senator James D. Speed

Industry Drive

Louisburg, N. C. 27549

Senator Robert S. Swain

612 Northwestern Bank Building

Asheville, N.C. 28801

Representative Josephus L. Mavretic,

Co-chairman

P. O. Box 1982

Tarboro, N.C. 27886

Representative Jo Graham Foster

1520 Maryland Avenue

Charlotte, N.C. 28209

Representative D. R. Mauney, Jr.

208 East Main Street

Cherryville, N.C. 28021

Representative Edd Nye

Courthouse Drive

Elizabethtown, N.C. 28337

Representative J. Reid Poovey

61 Twentieth Avenue, N.W.

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Room 641, Legislative Office Building

Raleigh, N.C. 17611

(919) 733-4910

Ellen Johns, Committee Clerk

Room 627, Legislative Office Building

Raleigh, N.C. 17611

(919) 733-5703

APPENDIX C

List of Speakers, Public Hearings

Select Committee of Education

- September 21, 1982 - Dr. Craig Phillips, Superintendent of
Public Instruction
Mr. C.D. Spangler, Chairman
State Board of Education
Dr. David Bruton, former Chairman
State Board of Education
Mr. Leigh Wilson, Executive Director
N.C. League of Municipalities
Representative Mary Seymour, Co-chairman
Pupil Transportation Study Committee
(1979-81)
Mr. Ronald Aycock, Executive Director
N.C. Association of County Commissioners
- September 22, 1982 - Mr. J. A. Porter, Controller
State Board of Education
Dr. Dallas Herring, former Chairman
State Board of Education
(written testimony)
Dr. Larry Blake, President
N.C. Department of Community Colleges
Mr. Allen Barwick, Management Section
Office of State Budget
- October 13, 1982 - Mr. Eugene Causby, Executive Director

N.C. School Boards Association

Ms. Loretta Martin, President

N.C. Association of Educators

Ms. Toni Fink, Legislative Chairman

N.C. Parent Teachers Association

Mr. Raymond Sarbaugh, Executive Director

N.C. Association of School Administrators

Mr. Thomas Salter, President

N.C. Association of Principals and

Assistant Principals

Mr. Ralph Kimel, Executive Director

N.C. Association of Principals and

Assistant Principals

October 14, 1982 - Ms. Charlie Mae Holland, President

N.C. Association of Educational

Office Personnel

Dr. Michael Latta, Director

N.C. Advisory Council on Education

Mr. John Maye, Jr.

N.C. Association of Black Educators

Dr. Mike Simmons, Superintendent

Orange County Schools

Mr. Lindsay Efland, Legislative Chairman

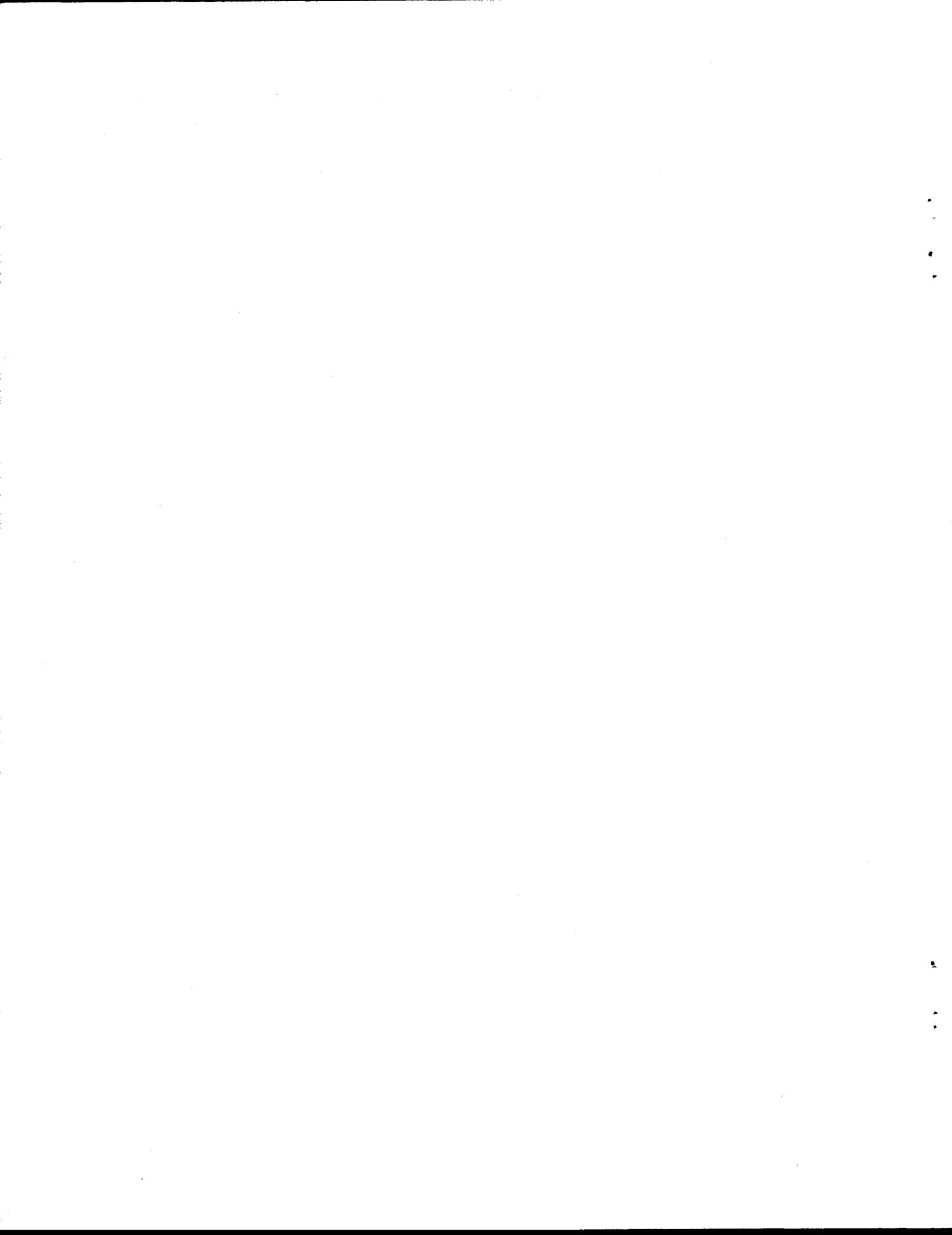
Orange County Board of Education

Mr. Bob Brooks

N.C. Manufactured Home Association and

Oakwood Home Corporation

Dr. William Friday, President of the University of North Carolina, was unable to speak at the public hearings; but addressed the committee on November 16, 1982.



APPENDIX D

A BILL TO BE ENTITLED

AN ACT TO AMEND THE CONSTITUTION AND THE GENERAL STATUTES TO PROVIDE FOR THE ELECTION OF THE MEMBERS OF THE STATE BOARD OF EDUCATION BY THE GENERAL ASSEMBLY AND TO MAKE THE OFFICE OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION APPOINTIVE.

The General Assembly of North Carolina enacts:

Section 1. Section 7(1) of Article III of the Constitution of North Carolina is hereby amended by deleting the words "a Superintendent of Public Instruction."

Sec. 2. Section 4 of Article IX of the Constitution of North Carolina is rewritten to read:

"Sec. 4, State Board of Education.

(1) Board. The State Board of Education shall consist of the Lieutenant Governor, the State Treasurer, the Chairman of the Board of Governors of the University of North Carolina, the Chairman of the State Board of Community Colleges, two members appointed by the Governor and eleven members elected by the General Assembly, one from each of the state's congressional districts. The President of the University of North Carolina and the President of the Department of Community Colleges shall serve as nonvoting members of the Board. Appointments and elections shall be for overlapping terms of four years and no person elected by the General Assembly or appointed by the Governor shall be eligible for appointment or election to more than two consecutive terms as a member of the Board."

(2) Superintendent of Public Instruction. The Superintendent

of Public Instruction shall be the secretary and chief administrative officer of the State Board of Education. He shall be appointed by the State Board of Education."

Sec. 3. The amendment set out in sections 1 and 2 of this Act shall be submitted to the qualified voters of the State on the date set for municipal elections in 1983 pursuant to G.S. 163-279. In such election, each qualified voter shall be provided a ballot on which shall be printed the following:

" FOR constitutional amendment to change the Superintendent of Public Instruction from an elective official to an appointive official and to change the method of selecting members of the State Board of Education.

AGAINST constitutional amendment to change the Superintendent of Public Instruction from an elective official to an appointive official and to change the method of selecting members of the State Board of Education."

Those qualified voters favoring the amendments set out in Sections 1 and 2 of this Act shall vote by making an X or appropriate mark in the space beside the statement beginning "FOR", and those qualified voters opposing said amendments shall vote by making an X or appropriate mark in the space beside the statement beginning "AGAINST",

Notwithstanding the foregoing provisions of this Section, voting machines may be used in accordance with the rules and regulations prescribed by the State Board of Elections.

Sec. 4. If a majority of the votes cast in such a general election be in favor of the amendment, the Governor shall

certify the amendment under the Great Seal of the State to the Secretary of State, who shall enroll the amendment so certified among the permanent records of his office.

Sec. 5. G.S. 163-1 is amended by deleting all reference to the Superintendent of Public Instruction as an elective officer.

Sec. 6. G.S. 143A-42 is rewritten to read as follows:

"§143A-42. Superintendent of Public Instruction; transfer of office and Department of Public Instruction; powers and duties.

The office of the Superintendent of Public Instruction, as provided for by Article IX, Sec. 4(2) of the Constitution, and the Department of Public Instruction are hereby transferred to the Department of Public Education. The Superintendent of Public Instruction shall be the secretary and chief administrative officer of the State Board of Education, and shall have such powers and duties as are conferred by the Constitution, by the State Board of Education, Chapter 115C of the General Statutes, and the laws of this State."

Sec. 7. G.S. 115C-10 is rewritten to read:

"§ 115C-10. State Board of Education.--(a) The State Board of Education shall consist of the Lieutenant Governor, the State Treasurer, the Chairman of the Board of Governors of the University of North Carolina, the Chairman of the State Board of Community Colleges, two members appointed by the Governor and eleven members elected by the General Assembly, one from each of the state's congressional districts. The President of the University of North Carolina and the President of the Department

of Community Colleges shall serve as nonvoting members of the Board. Appointments and elections shall be for overlapping terms of four years and, except as provided in subsection (d), no person elected by the General Assembly or appointed by the Governor shall be eligible for more than two full terms in succession.

(b) Appointments by the Governor.--The Governor shall transmit to the Secretary of State and to the Superintendent of Public Instruction, on or before the sixtieth legislative day of the General Assembly, the name of the person appointed by him to the Board. On or before the sixtieth legislative day of the 1985 General Assembly, he shall transmit to the Secretary of State and to the Superintendent of Public Instruction the names of two persons appointed by him. One of these persons shall be appointed for a two-year term and one shall be appointed for a four-year term. Thereafter, he shall make one appointment during each session of the General Assembly.

(c) Members Elected by General Assembly.--The presiding officer of each house of the General Assembly shall transmit to the Secretary of State and to the Superintendent of Public Instruction, on or before the sixtieth legislative day of the General Assembly, the names of the persons elected by that chamber to membership on the Board. Elections shall be for overlapping terms of four years with members representing each congressional district chosen alternately as follows:

(1) The member representing the first congressional district shall be elected by the House in 1985 for a two-year term. The

member representing the first congressional district shall be elected by the Senate in 1987, and every eight years thereafter, for a four-year term. The member representing the first congressional district shall be elected by the House in 1991, and every eight years thereafter, for a four-year term.

(2) The member representing the second congressional district shall be elected by the Senate in 1985, and every eight years thereafter, for a four-year term. The member representing the second congressional district shall be elected by the House in 1989, and every eight years thereafter, for a four year term.

(3) The member representing the third congressional district shall be elected by the House in 1985, and every eight years thereafter, for a four-year term. The member representing the third congressional district shall be elected by the Senate in 1989, and every eight years thereafter, for a four-year term.

(4) The member representing the fourth congressional district shall be elected by the Senate in 1985 for a two-year term. The member representing the fourth congressional district shall be elected by the House in 1987, and every eight years thereafter, for a four-year term. The member representing the fourth congressional district shall be elected by the Senate in 1991, and every eight years thereafter, for a four year term.

(5) The member representing the fifth congressional district shall be elected by the House in 1985 for a two-year term. The member representing the fifth congressional district shall be elected by the Senate in 1987, and every eight years thereafter, for a four-year term. The member representing the fifth

congressional district shall be elected by the House in 1991, and every eight years thereafter, for a four-year term.

(6) The member representing the sixth congressional district shall be elected by the Senate in 1985, and every eight years thereafter, for a four-year term. The member representing the sixth congressional district shall be elected by the House in 1989, and every eight years thereafter, for a four-year term.

(7) The member representing the seventh congressional district shall be elected by the House in 1985, and every eight years thereafter, for a four-year term. The member representing the seventh congressional district shall be elected by the Senate in 1989, and every eight years thereafter, for a four-year term.

(8) The member representing the eighth congressional district shall be elected by the Senate in 1985 for a two-year term. The member representing the eighth congressional district shall be elected by the House in 1987, and every eight years thereafter, for a four-year term. The member representing the eighth congressional district shall be elected by the Senate in 1991, and every eight years thereafter, for a four-year term.

(9) The member representing the ninth congressional district shall be elected by the House in 1985 for a two-year term. The member representing the ninth congressional district shall be elected by the Senate in 1987, and every eight years thereafter, for a four-year term. The member representing the ninth congressional district shall be elected by the House in 1991, and every eight years thereafter, for a four-year term.

(10) The member representing the tenth congressional district

shall be elected by the Senate in 1985, and every eight years thereafter, for a four-year term. The member representing the tenth congressional district shall be elected by the House in 1989, and every eight years thereafter, for a four-year term.

(11) The member representing the eleventh congressional district shall be elected by the House in 1985, and every eight years thereafter, for a four-year term. The member representing the eleventh congressional district shall be elected by the Senate in 1989, and every eight years thereafter, for a four-year term.

(d) Nominations for Election by the General Assembly.--Not later than October 15 of the year preceding the expiration of the term of any member of the State Board elected by the General Assembly, the State Superintendent shall notify the local school superintendent and the Chairman of the Board of County Commissioners in each county in the appropriate congressional district of the expiration of the term. In 1984 only, the deadline for notification shall be one week following the certification of adoption of the Constitutional amendment as provided in section 4 of this act.

The notice shall contain, at a minimum, the deadline for submission of nominees and the name and address of the appropriate presiding officer, depending on which house of the General Assembly has responsibility for electing the Board member from that district. Each local board of education in the congressional district shall select not more than one nominee for membership on the State Board and submit the name of the nominee

to the board of commissioners of the county where the board is located. In the event a local school administrative unit is located in more than county, the name of the nominee of the board of education for that unit shall be submitted to the board of commissioners of the county wherein the nominee resides. The board of commissioners shall accept or reject the nominations. In the event the nomination is accepted, the board of commissioners shall transmit the name of the nominee to the appropriate presiding officer of the General Assembly. If the nomination is rejected, the board of county commissioners shall notify the local board of education in order that the name of another nominee may be submitted. In the event more than one local board of education in a county submits nominations, the board of county commissioners shall select one nominee from among the names submitted by the boards of education. In any event, on or before February 15 of the year in which the term of the Board member expires, the board of commissioners of each county in the congressional district shall notify the presiding officer of the House or Senate, whichever is to elect the member from that congressional district, of the name of one nominee from that county. If the board of commissioners receives no recommendation from the local board or boards of education in that county, the board of commissioners shall so notify the appropriate presiding officer.

(e) Election by the General Assembly.--At each session of the General Assembly held in an odd-numbered year, the presiding officer of each house shall assign to the committee on Education

of that house the duty of receiving the names of persons nominated for election by that house to membership on the Board. In order for a person to have standing to be considered, that person shall be formally proposed as provided in subsection (d) above or shall have obtained the signatures of not less than one percent (1%) of the registered voters in his county of residence and shall have presented such petition, certified by the chairman of the local board of elections, to the presiding officer of the electing house of the General Assembly on or before February 15 of the year in which the term expires. At the election session of the house designated to elect the member, the committee shall report its list of nominees. That house shall then proceed to an election of members of the Board. In order to be chosen, a nominee shall receive the votes of a majority of all members present and voting. When the house has chosen one person for each place to be filled on the State Board, the chairman of the committee shall make a motion for the simultaneous election of those persons by the house to the indicated positions and for the indicated terms. The roll shall then be called electronically. If a majority of those voting shall vote "aye," the persons named in the motion shall be declared to have been elected. Each house may adopt rules consistent with this section with respect to the election by that house of members of the State Board.

(f) Vacancies.--In the event of vacancy on the Board, the vacancy shall be filled by whichever authority made the original appointment. The Superintendent of Public Instruction shall notify the appropriate authority of the vacancy. Where the

vacancy is to be filled by the Governor, he shall transmit the name of the appointee as soon as possible as provided in subsection (b). Where the vacancy is to be filled by either house of the General Assembly, the appropriate presiding officer shall transmit the name of the person elected as soon as possible after the beginning of the next regular session of the General Assembly. By whichever authority the vacancy is filled, if more than half of the unexpired term remains to be served, the appointee shall be eligible for appointment or election to one full four-year term in addition to the unexpired term. If less than half of the unexpired term remains to be served, the appointee shall be eligible for appointment or election to two additional four-year terms in addition to the unexpired term.

(g) Limitations on Membership.--No member of the General Assembly, no officer or employee of the State, and no officer or employee of an institution under the jurisdiction of the State Board, and no spouse of any of any of these persons, shall be eligible to serve on the State Board.

Notwithstanding the above, members of local boards of education, members of boards of county commissioners, members of district school committees and employees of local boards of education shall be eligible for nomination to membership on the Board: Provided, however, that any such person elected or appointed to the Board shall resign his position before taking office.

(h) Terms of office.--All terms shall commence on July 1 of odd-numbered years." Sec. 8. G.S. 115C-11(a) is

rewritten to read:

"(a) Presiding Officer.--The Governor shall convene the membership of the State Board on July 1, 1985 or as soon as feasible thereafter. The State Board at that meeting, and every two years thereafter, shall elect from its appointed or elected membership a chairman. No member shall be eligible to serve more than two consecutive two-year terms as chairman. At its meeting after July 1, 1985, and every two years thereafter, the Board shall also elect a vice chairman and such other officers as it may deem necessary. A majority of the Board shall constitute a quorum for the transaction of business. Per diem and expenses of the members of the Board appointed by the governor and elected by the General Assembly as well as the Chairman of the University Board of Governors and the Chairman of the Board of Community Colleges shall be provided by the General Assembly.

The chairman of the Board shall preside at all meetings of the Board. In the absence of the chairman, the vice-chairman shall preside; in the absence of both the chairman and the vice-chairman, the Board shall name one of its own members as chairman pro tempore."

Sec. 9. G.S. 115C-12(4) is repealed.

Sec. 10. G.S. 115C-18 is rewritten to read:

"§ 115C-18. Appointment of State Superintendent of Public Instruction.--The Superintendent of Public Instruction shall be appointed by the State Board of Education and shall serve at the pleasure of the Board."

Sec. 11. G.S. 115C-21(a) (1) is amended by adding following the first sentence the following:

"These shall include a Division of Fiscal Affairs which shall be under the direction of a Controller, to be appointed by the Superintendent of Public Instruction subject to the approval of the State Board of Education."

Sec. 12. G.S. 115C-21(a) (5) is rewritten to read:

"(5) To have under his direction, in his capacity as the constitutional administrative head of the public school system, all those matters relating to the supervision and administration of the public school system."

Sec. 13. G.S. 115C-27 is repealed.

Sec. 14. G.S. 115C-29(a) is rewritten to read:

"It shall be the duty of the Controller, under the direction of the Board and the Superintendent of Public Instruction, to administer the funds provided for the operation of the schools of the state on such standards as may be determined by the Board and always within the total funds appropriated therefor."

Sec. 15. G.S. 115C-29(b) is amended by rewriting the introductory language before subdivision (1) to read:

"(b) The controller, under the direction of the Board and the Superintendent of Public Instruction, shall perform the following duties:"

Sec. 16 G.S. 115C-29(b) is further amended by rewriting subdivision (8) to read:

"(8) He shall attend all meetings of the Board and shall furnish all such information and data concerning the fiscal

affairs of the Board as the Board or the Superintendent may require."

Sec. 17. G.S. 115C-29(b) is further amended by rewriting subdivision (12) to read:

"(12) He shall perform such other duties as may be assigned to him by the Board or by the Superintendent of Public Instruction from time to time."

Sec. 18. Subdivisions (9) and (10) of G.S. 115C-29(b) are repealed.

Sec. 19. G.S. 115D-2.1(b) is amended by adding four new subdivisions to read as follows:

"(2a) The Chairman of the Board of Governors of The University of North Carolina shall be a member ex officio.

(2b) The President of The University of North Carolina shall be a nonvoting member ex officio.

(2c) The Chairman of the State Board of Education shall be a member ex officio.

(2d) The Superintendent of Public Instruction shall be a nonvoting member ex officio."

Sec. 20. G.S. 116-6 is amended by adding a new subsection to read as follows:

"(f) In addition to the above, the Chairman of the State Board of Education and the Chairman of the State Board of Community Colleges shall serve as ex officio voting members of the Board of Governors and the Superintendent of Public Instruction and the President of the Department of Community Colleges shall serve as ex officio nonvoting members of the Board of Governors."

Sec. 21. Sections 1 through 4 of this Act are effective on ratification. The remaining sections of this act are effective on certification of adoption of the Constitutional amendment as provided in Section 4 of this Act.

APPENDIX E

A BILL TO BE ENTITLED

AN ACT TO ENHANCE THE ROLE OF THE STATE BOARD OF EDUCATION AS THE PRINCIPAL VOICE FOR ELEMENTARY AND SECONDARY EDUCATION IN NORTH CAROLINA.

Whereas, the Select Committee on Education established pursuant to Chapter 1392 of the 1981 Session Laws (Regular Session 1982) concluded that many of the administrative difficulties in elementary and secondary education in North Carolina stem from the plethora of statutes, some of them conflicting, governing the State's system of elementary and secondary education; and

Whereas, efforts to revise, update and recodify North Carolina's public school laws have been undertaken by a number of special committees and commissions since 1975; and

Whereas, the 1981 General Assembly completed recodification of North Carolina's public school laws, thus completing part of the above task; and

Whereas, it is the policy of the State of North Carolina that the State Board of Education be the principal voice for elementary and secondary education in this State; Now, therefore, The General Assembly of North Carolina enacts:

Section 1. The Standing Committees on Education of the Senate and the House of Representatives of the North Carolina General Assembly shall jointly undertake a review of the statutes pertaining to public education in North Carolina with the objectives of reducing in number the laws concerning public

education, clarifying and updating the laws where appropriate and determining which statutes should be redefined as regulations of the State Board of Education. The Committees are further directed to analyze the effect of the laws in regard to demands placed on local school administrative units. In the analysis, the committees shall determine directly from employees of local school systems what reports are required and the attendant costs in time and money. This review shall be completed and recommendations for corrections and deletions presented to the 1983 General Assembly not later than May 1, 1984.

Sec. 2. This act is effective upon ratification.

APPENDIX F

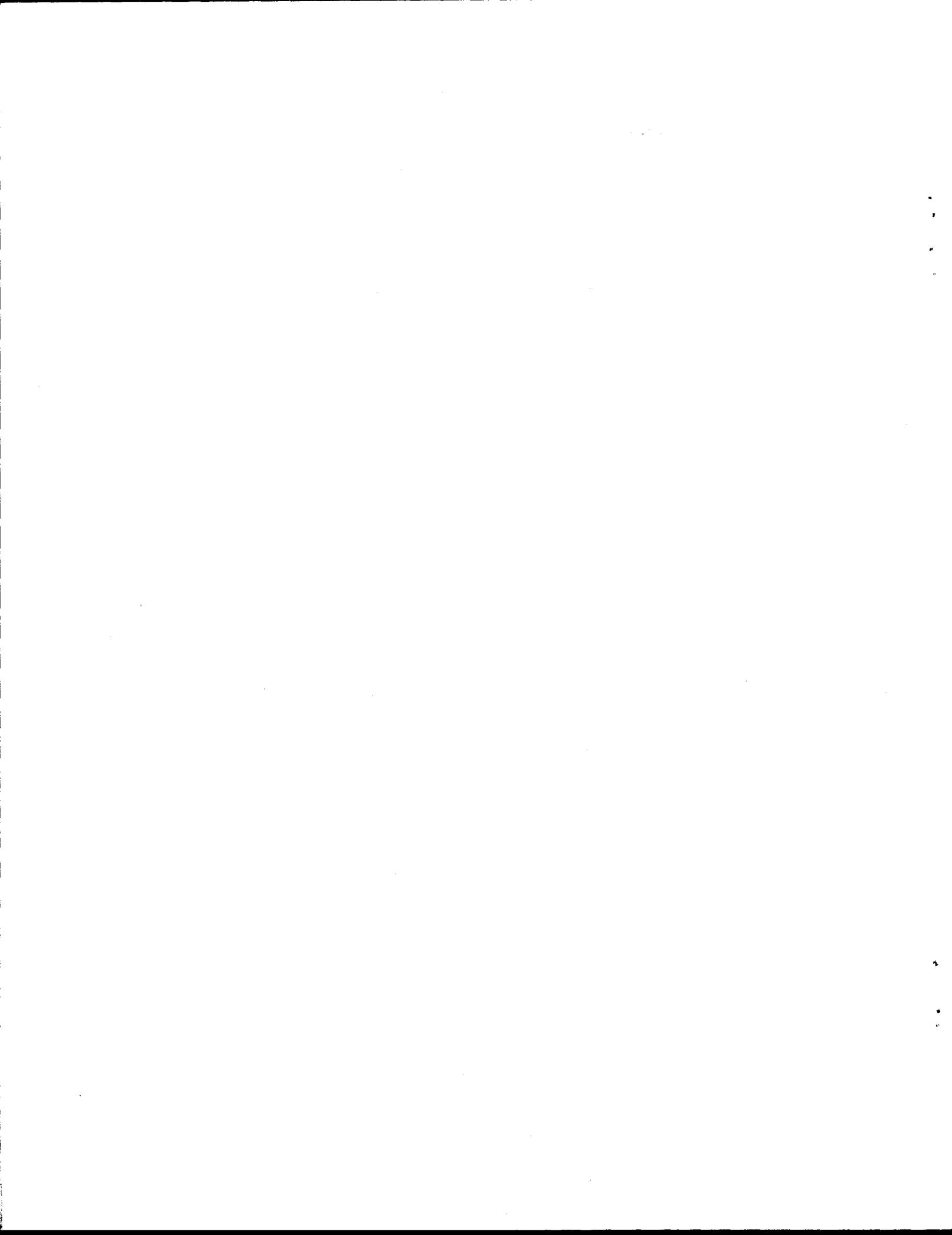
COUNTIES WITH MORE THAN ONE SCHOOL ADMINISTRATIVE UNIT
WITH FINAL ENROLLMENT, 1982

1. Alamance (2)	11,762	9. Davidson (3)	16,608
Burlington%	7,616 19378	Lexington%	3,799 13267
		Thomasville%	2,860
2. Beaufort (2)	4,664		
Washington%	4,095 8759		
3. Buncombe (2)	23,688	10. Durham (2)	17,046
Asheville%	5,385 29073	Durham	9,110 26156
4. Cabarrus (3)	10,255	11. Edgecombe (2)	5,926
Concord	2,794 18222	Tarboro%	3,241 9167
Kannapolis	5,173	12. Franklin (2)	4,696
5. Catawba (3)	13,327	Franklinton	1,382 6078
Hickory	4,859 21242	13. Guilford (3)	25,212
Newton-Conover	3,056	Greensboro	24,496 59325
6. Cleveland (3)	9,308	High Point	9,617
Kings Mountain	4,461 17915	14. Halifax (3)	7,600
Shelby	4,146	Roanoke Rapids	2,741 11972
7. Columbus (2)	8,759	Weldon%	1,631
Whiteville%	2,906 11665	15. Henderson (2)	8,982
8. Cumberland (2)	37,315	Hendersonville%	1,750 10732
Fayetteville	9,165 46480		

16.	Iredell (3)	10,372	Fairmont	2,442	
	Mooreville	2,514	Lumberton	4,898 25602	
	Statesville	3,844	Red Springs	1,873	
			St. Pauls	1,616	
17.	Lenoir (2)	6,766	24.	Rockingham (4)	5,080
	Kinston%	5,168	Eden	4,763	16992
		11934	Madison-		
18.	Nash (2)	11,199	Mayodan	2,867	
	Rocky Mount%	6,472	Reidsville	4,282	
		17671			
19.	Orange (2)	5,123	25.	Rowan (2)	13,791
	Chapel Hill	5,378	Salisbury%	2,622	16413
		10501			
20.	Pitt (2)	11,652	26.	Sampson (2)	7,496
	Greenville*	5,046	Clinton*	3,042	10538
		16698			
21.	Polk (2)	1,832	27.	Stanly (2)	7,022
	Tryon	588	Albemarle	2,203	9225
		2420			
22.	Randolph (2)	13,812	28.	Surry (3)	8,760
	Asheboro	3,972	Elkin	1,040	11984
		17784	Mt. Airy%	2,184	
23.	Robeson (5)	14,774	29.	Union (2)	12,694
			Monroe	3,355	16049
			30.	Wayne (2)	14,056
			Goldsboro	5,303	19359

% - board members appointed

* - some members appointed and other elected
(All other boards have all members elected.)



APPENDIX G

A BILL TO BE ENTITLED

AN ACT TO IMPROVE NORTH CAROLINA'S SYSTEM OF ELEMENTARY AND SECONDARY EDUCATION BY CLARIFYING THE STATE'S SYSTEM OF EDUCATIONAL FINANCE AND ASSISTING UNITS OF LOCAL GOVERNMENT IN MEETING PUBLIC SCHOOL FUNDING RESPONSIBILITIES.

The General Assembly of North Carolina enacts:

Section 1. Chapter 143 of the General Statutes is amended by rewriting the title of Article 2C to read: "Limits on Number of State Employees, on State Revenues Allocated to Education and on Employees Within the Department of Public Education." and by adding the following new sections to said Article, to read:

"§143-47.16. Limit on percent of state revenues allocated to education.--It is the policy of the State of North Carolina to allocate no more than 75 percent of the State's total General Fund tax revenues to the State's total cost of education. The State's total cost of education shall be all costs for all education programs in elementary and secondary education (K-12), community colleges, the university system, whatever financial aid is provided for North Carolina students attending private universities and colleges in North Carolina, educational programs provided by the several other departments of State government (such as the Departments of Corrections and Human Resources), debt service for bonds providing funds for education, the contribution of the courts toward education, and such other state funds as from time to time may be appropriated or identified for

educational purposes.

"§143-47.17. Limit on number of employees and cost of employees in the Department of Public Education.--(a) In order to control the State's administrative costs for elementary and secondary education (K-12), it is the policy of the State of North Carolina to use factors and formulas to define the total number of state funded employees employed by the Department of Public Education and to determine the total costs of those employees.

(b) The total number of state funded employees in the Department of Public Education shall not exceed the sum of two hundred (200) positions plus the result of the total Average Daily Membership in the public elementary and secondary schools of North Carolina multiplied by .000364.

(c) The total cost of state funded employees in the Department of Public Education, as determined under subsection (b), shall not exceed the continuation and expansion budget of the State for elementary and secondary education (K-12) multiplied by .01.

(d) Each biennium, the Standing Committees on Education in the Senate and House of Representatives shall jointly review the factors controlling the costs of the administration of the Department of Public Education to ensure that the least possible money is being spent on administration. Each biennium, the Standing Committees on Education in the Senate and House of Representatives may recommend to the respective Committees on Appropriations such changes in the formulas for state funded personnel and state funded personnel costs as are necessary to

ensure the efficient operations of the State Department of Public Education."

Sec. 2. Part 1 of Article 17 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§240.1. State to provide funds for pupil transportation.--(a) Notwithstanding the above, it is the policy of the State of North Carolina to begin to provide all funds for capital outlay for elementary and secondary schools, including those for initial school bus purchase. As school bus needs are anticipated, and after approval by the State Board of Education, the State shall purchase the original bus and the local government shall purchase subsequent replacements. In addition, it is the policy of the State of North Carolina to provide such funds as are required for energy based upon local bus routes designed to ensure thrift in energy expenditures. Local energy budget overruns shall be borne by the local government and local energy budget surpluses are to be retained by the local school administrative unit for replacement or maintenance of school buses. Other costs of maintenance and operation of school buses shall be the responsibility of the local school administrative unit. The State Board of Education shall conduct frequent inspections to ensure that reasonable preventive maintenance and routine maintenance are performed. The State Board of Education is authorized to withhold school transportation funds to ensure compliance with the provision of this section.

(b) By June 1, 1984, the State Board of Education shall promulgate regulations and procedures for the operation and

maintenance of public school transportation which include incentives for thrift and shall recommend amendments to this Chapter to implement the provisions of this section."

Sec. 3. Article 37 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§115C-528. State to provide funds for school facilities.--

(a) Notwithstanding the provisions of this Article, it is the policy of the State of North Carolina to begin to provide all funds for capital outlay for elementary and secondary school facilities. Such capital outlay funds shall include funds for buildings, recreation facilities and such other real property and facilities as are required for the standard course of study determined by the State Board of Education. The State Board of Education shall be responsible for the design and construction of elementary and secondary school facilities and for determining both the economic life and replacement period for such facilities. On the date of acceptance from the contractor, the State Board of Education shall announce the economic life and replacement date of each school facility and shall begin to accumulate funds in an account established solely for the replacement of elementary and secondary school facilities.

(b) In addition to funds for capital outlay, it is the policy of the State of North Carolina to provide such funds as are required for energy in the schools' facilities based on local energy management plans designed to ensure thrift in energy expenditures. Local energy budget overruns shall be borne by the local government and local energy budget surpluses are to be

retained by the local school administrative unit for maintenance. The costs of maintenance and operation of all elementary and secondary school facilities and equipment, except for energy, shall be the responsibility of the local school administrative unit. The State Board of Education shall conduct frequent facilities inspections to ensure that reasonable preventive maintenance and routine maintenance are performed. The State Board of Education is authorized to withhold any and all state energy funds to ensure compliance with the provisions of this section.

(c) By June 1, 1984, the State Board of Education shall promulgate regulations and procedures for the operation and maintenance of facilities which include incentives for thrift and shall recommend amendments to this Chapter to implement the provisions of this section."

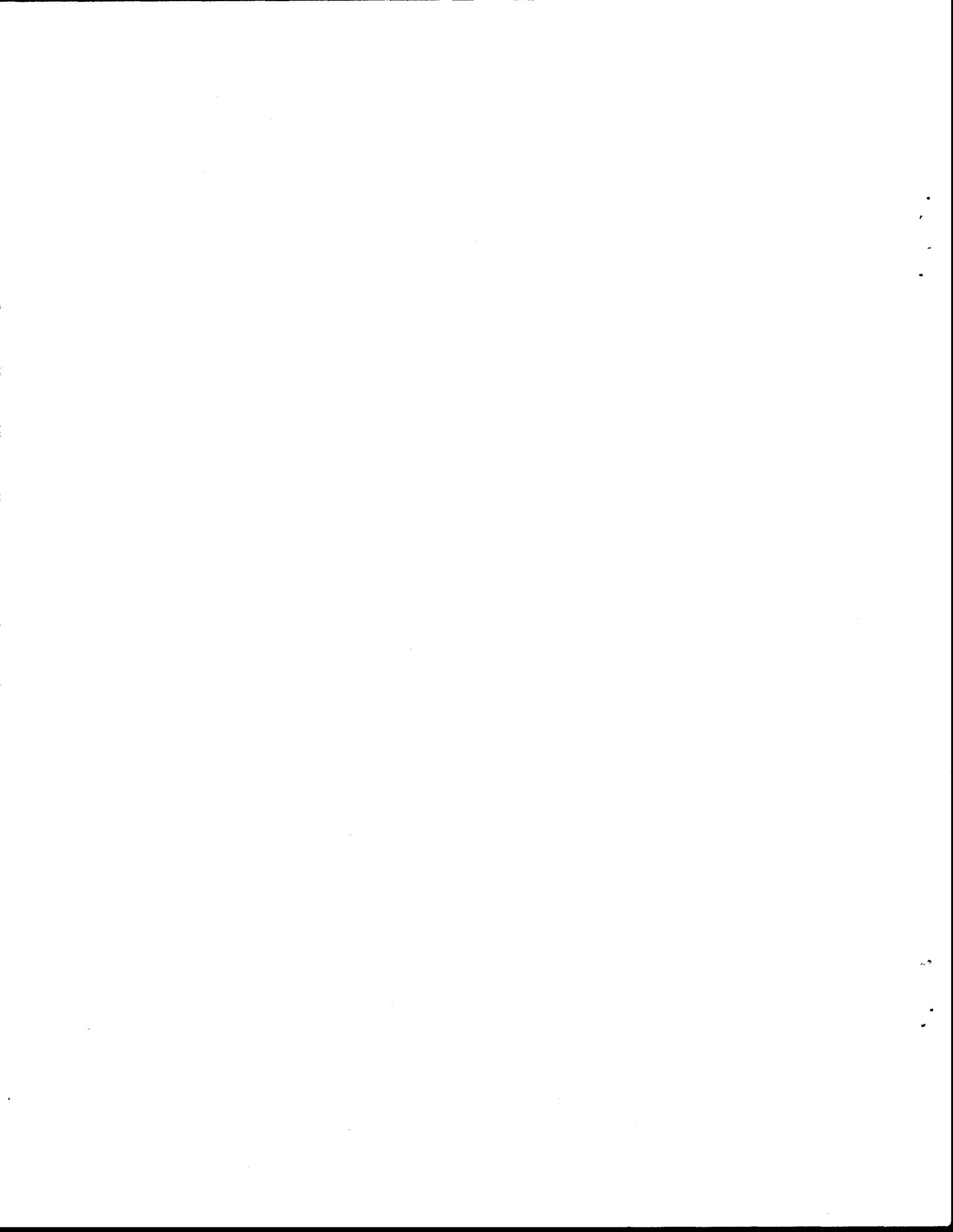
Sec. 4. It is the policy of the State of North Carolina to move toward a system of block grant appropriation of State funds, determined on a per pupil basis, through the State Board of Education, to the several local school administrative units. With this in mind, commencing with the school year beginning in 1984, the State Board of Education will select not less than ten (10) and not more than twenty (20) school administrative units for the evaluation of this block grant concept. The State Board of Education will recommend to the 1983 General Assembly, not later than June 1, 1984, the criteria to be used to measure the efficiencies, economies and hazards of block grant appropriation. The State Board of Education will report results of the

evaluation, with recommendations to change State appropriation procedures, either in whole or in part, to the 1985 General Assembly, not later than May 1, 1986.

Sec. 5. It is the policy of the State of North Carolina to decentralize the administration and operation of elementary and secondary public education (grades K-12). In consonance with this policy, it is the intention of the State to place as much responsibility, and concomitant authority, for the local program of elementary and secondary education under the final control of local boards of education and boards of county commissioners as is possible within the bounds of common sense and the public good. It is also the intention of the State to provide for local sources of revenue equal to the responsibility for providing the requisite standard course of study as determined by the State Board of Education. With this in mind, the Standing Committees on Finance in the House of Representatives and the Senate shall jointly undertake a review of Article 39 of Chapter 105 of the General Statutes with the objective of authorizing each of the several counties to levy sales tax up to and including the percentage levied by the State for the State's General Fund, enabling each county, without the approval of the General Assembly, to vary its local sales tax levy within such a constraint in a manner to be decided by each of the several counties and, consistent with established constitutional and legal constraints, encouraging counties to seek ways to mitigate the effect of local sales taxes upon those citizens who have marginal incomes. This review shall be completed and

recommendations for statutory amendments presented to the 1983
General Assembly not later than May 1, 1984.

Sec. 6. This act is effective upon ratification.



APPENDIX H

A BILL TO BE ENTITLED

AN ACT TO UPGRADE THE QUALITY OF ELEMENTARY AND SECONDARY SCHOOLS
IN NORTH CAROLINA BY REVISING THE STATE'S SYSTEM OF EMPLOYMENT
OF INSTRUCTIONAL AND SUPERVISORY PERSONNEL IN THE PUBLIC
SCHOOLS.

The General Assembly of North Carolina enacts:

Section 1. Chapter 115C of the General Statutes is amended by adding a new section to read:

"§115C-326.1. Revised system of employment for classroom teachers.--(a) It is the policy of the State of North Carolina to encourage the differentiation of classroom teachers. The State Board of Education, after consultation with local boards of education and with at least ten (10) days notice to local boards of education, shall adopt a policy defining at least five (5) categories of classroom teachers. The Board shall adopt such a policy not later than January 1, 1985.

Criteria for differentiation shall include performance and may include time in service and other criteria as the State Board shall deem necessary. Differentiation shall be an integral part of the determination of the individual teacher's salary. Between the seventh and twelfth year of service, each classroom teacher shall be afforded twelve (12) months of sabbatical leave for self improvement at full pay less the local variable increment, under the condition of thirty (30) months employment as a classroom teacher or assistant principal immediately following the sabbatical period.

(b) The State Board of Education, after consultation with local boards of education, shall develop such personnel policies as are required to ensure a coherent progression through the system of differentiation by classroom teachers. The State Board shall develop personnel policies which prevent imbalances at any level of differentiation. If there is evidence of an imbalance or abnormality in the distribution of performance evaluations administered pursuant to G.S. 115C-326 and/or classroom teacher differentiations created and administered pursuant to this section, the State Board of Education shall be empowered to review performance evaluation and staffing patterns of a local school administrative unit to ensure reasonable distribution of performance evaluations and classroom teacher differentiations.

(c) It is the policy of the State of North Carolina for the salaries of professional educators in elementary and secondary education (K-12) to be based upon performance, differentiation and the needs of the local school administrative unit. Performance shall be measured by standardized evaluations which are routinely administered pursuant to G.S. 115C-326 by competent and trained administrators who have themselves demonstrated meritorious performance in the classroom. Differentiation shall be based upon superior performance over time. The needs of the local school administrative unit shall be defined by the local board of education and the local board of county commissioners, and the funds to meet those needs shall come exclusively from the local government.

(d) It is the policy of the State of North Carolina to begin,

in the school year beginning in 1985, a differential salary system based upon performance, differentiation, local availability of classroom teachers, geographical location of the employing local school administrative unit and such other factors as the local board of education shall deem necessary.

The minimum salary shall consist of two (2) increments. The major increment shall be a base amount, on a differentiated scale, adjusted by a measure of local ability to pay and paid from State General Fund tax revenue. The measure of local ability to pay shall be used to adjust the base salary amount for revenue base disparities among the local governments supporting the several local school administrative units. The measure of local ability to pay shall be adjusted by the General Assembly at least following each decennial census of population. The first measure of local ability to pay shall be based upon the 1980 census data. The minor increment shall be the difference between the major increment and the minimum salary set by the State Board of Education. The minor increment shall be paid from local revenue. Each salary may include a local variable increment, determined locally and based upon the needs and condition of the local school administrative unit. This local variable increment shall be paid from local revenue.

The State Board of Education shall develop and recommend to the General Assembly, not later than May 1, 1984, a differential salary system consistent with this section.

(e) Notwithstanding the above, teachers employed under the system of employment for public school teachers, G.S. 115C-325,

in effect prior to ratification of this act, shall be afforded the opportunity to elect to continue under the system of employment provided in G.S. 115C-325 and continuing under the salary schedule in existence at that time. They shall have the alternative of electing to change their conditions of employment to come within the system outlined in this section. This election shall be made on or before signing employment contracts for the 1986-87 school year, Employees whose initial contracts are for the 1985-86 or subsequent school years shall be employed under the employment system contained in this section."

Sec. 2. G.S. 115C-295 is amended by adding a new subsection to read:

"(c) Notwithstanding the above, it is the policy of the State of North Carolina to encourage lateral entry into the profession of teaching by skilled individuals from the private sector. To this end, before the 1984-85 school year begins, the State Board of Education shall develop criteria and procedures to accomplish the employment of such individuals as classroom teachers. Regardless of credentials or competence, no one shall begin teaching above the third level of differentiation as provided in G.S. 115C-326.1."

Sec. 3. G.S. 115C-284 is amended by adding a new subsection to read:

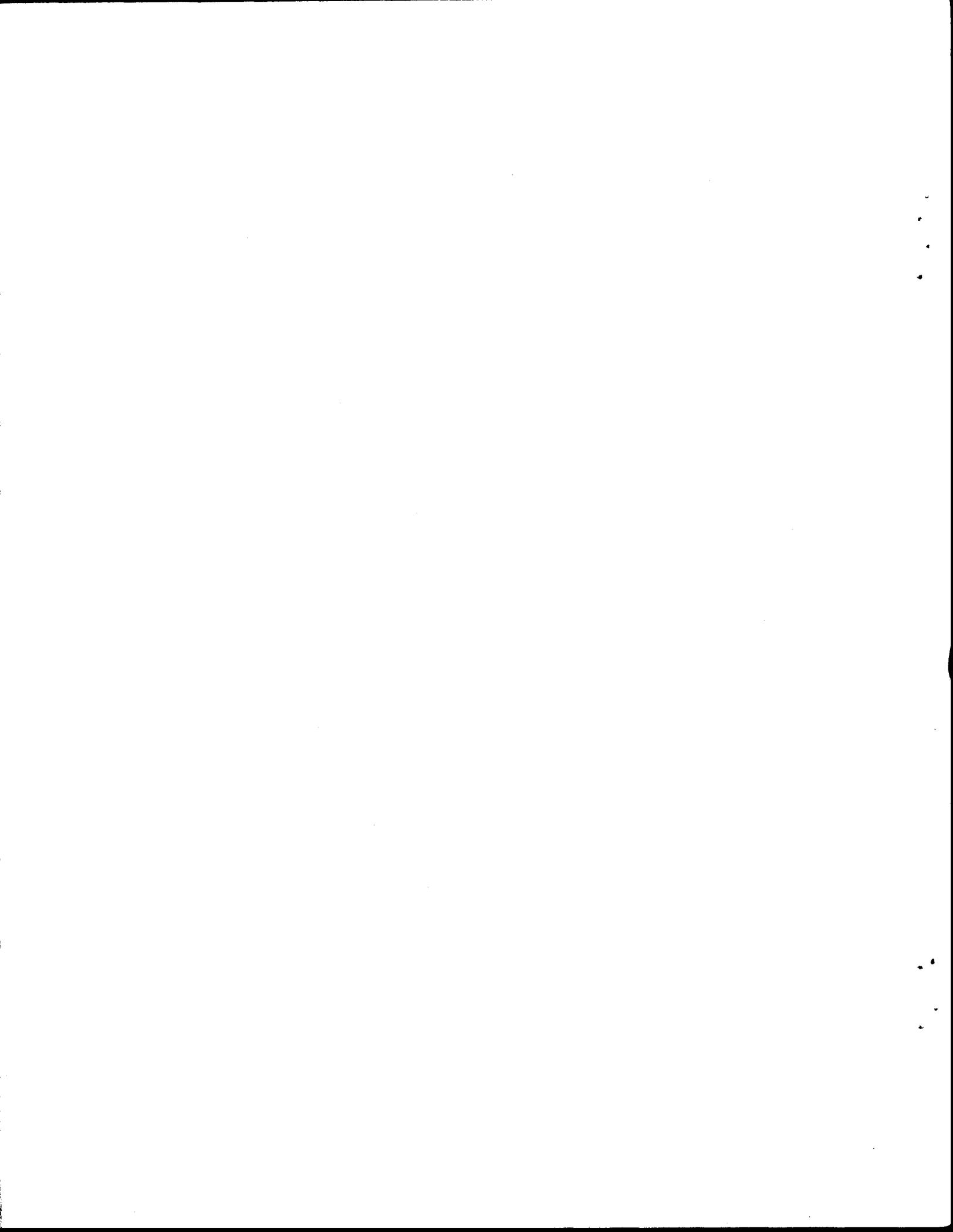
"(d1) It is the policy of the State of North Carolina that, subsequent to the adoption of a system of classroom teacher differentiation pursuant to G.S. 115C-326.1 and prerequisite to candidacy for principal, a classroom teacher must have attained

at least the third level of differentiation and possess, at least, a Masters Degree in Education Administration."

Sec. 4. G.S. 115C-271 is amended by deleting from the first sentence of the first paragraph thereof the words "subject to the approval of the Superintendent of Public Instruction and the State Board of Education", by deleting the eighth sentence of the first paragraph and by adding, following the first paragraph, a new paragraph to read:

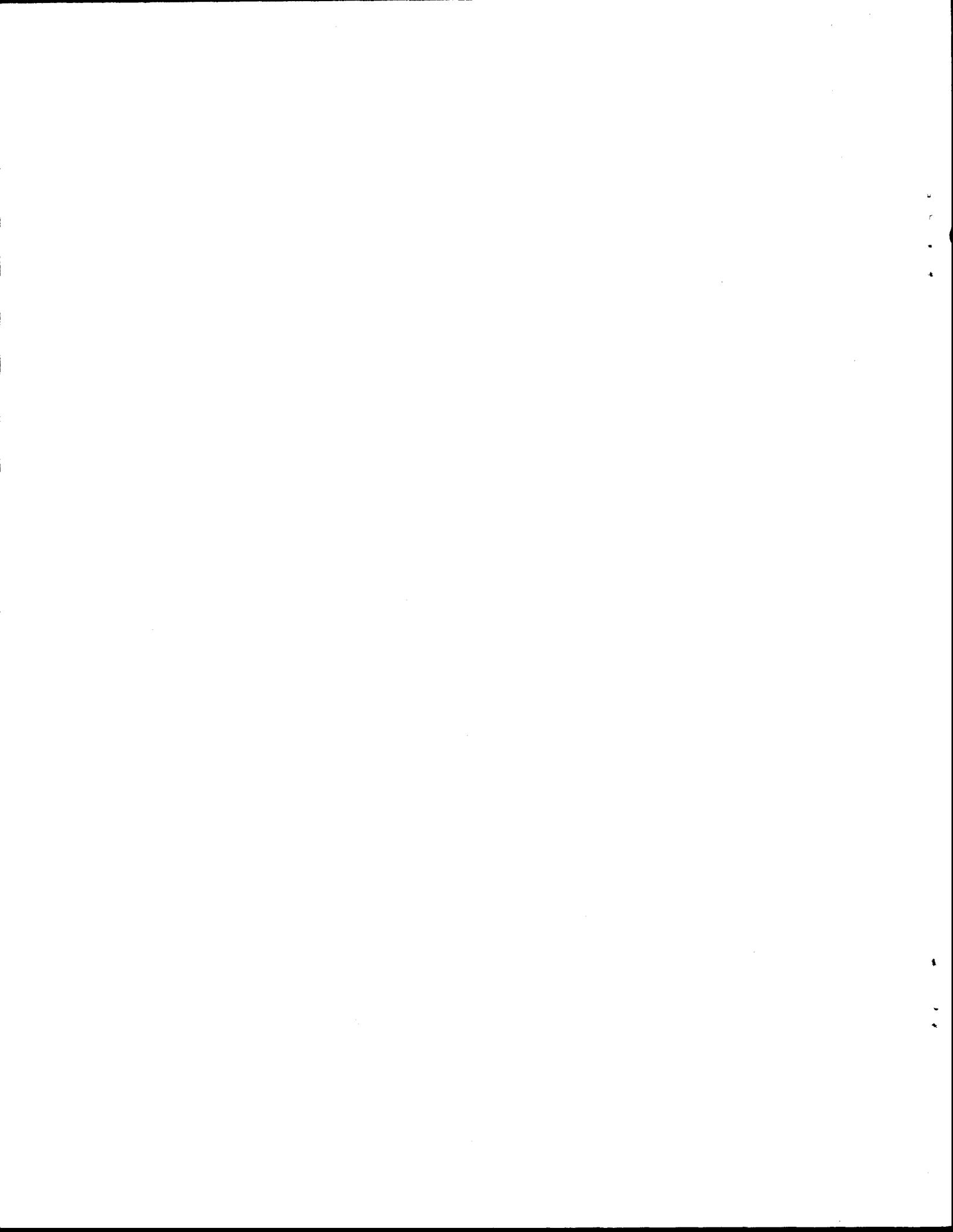
"It is the policy of the State of North Carolina that the superintendents of each of the several school administrative units be hired solely on the discretion of the local boards of education. However, a candidate for superintendent of a local school administrative unit must have been, at least, a principal and shall have such other credentials and educational prerequisites as the State Board of Education shall prescribe. Candidates for superintendent of local school administrative units who have not served as principals in local school administrative units in North Carolina, must satisfy the State Board of Education that they have at least equivalent experience."

Sec. 3. This act is effective upon ratification.



APPENDIX I
Education - State Funded
Fiscal Year 1980-81

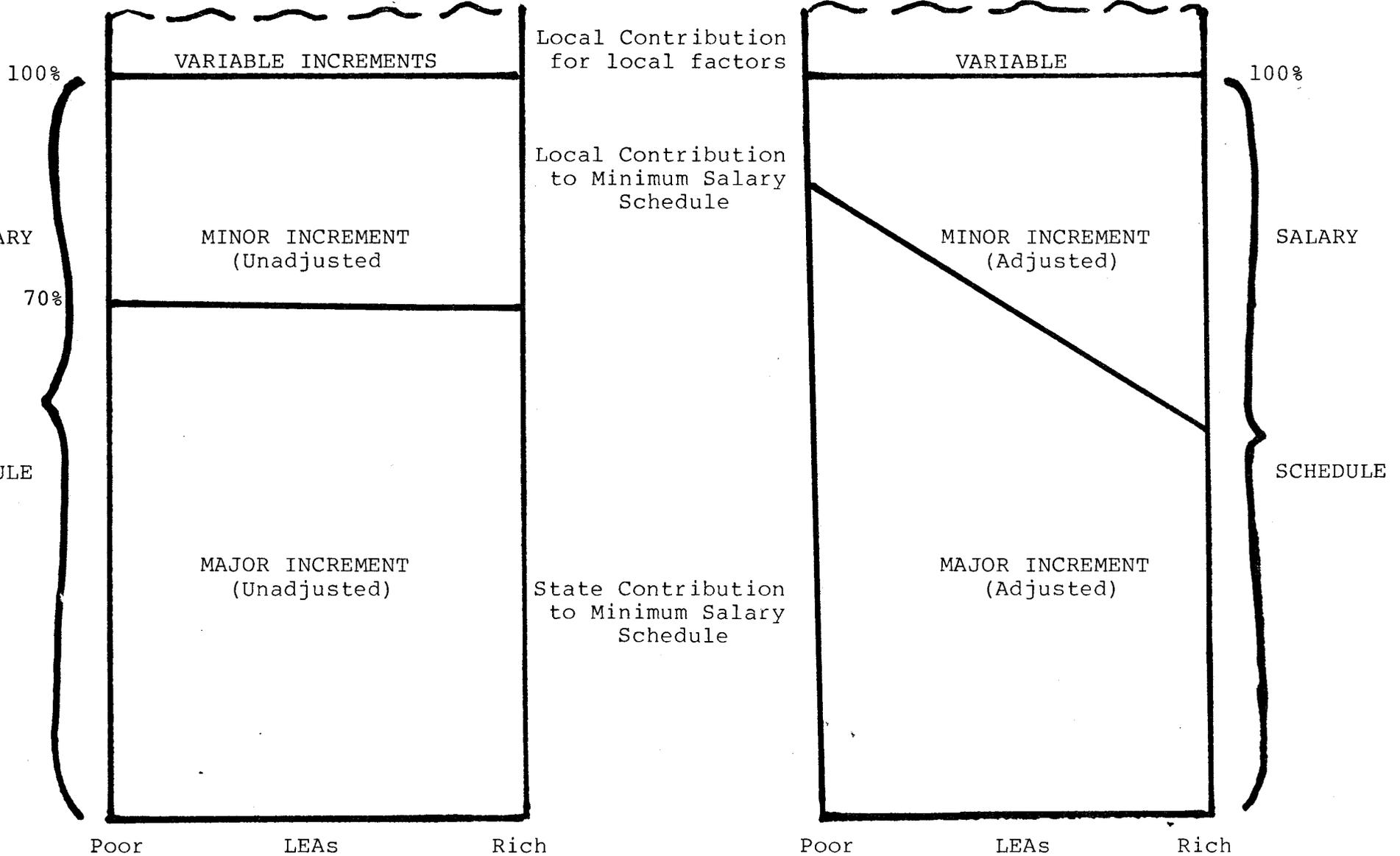
<u>Budget</u>	<u>Actual Expenditures</u>
Current Operating	
Public Education	\$1,390,907,313
Community Colleges	169,011,630
Higher Education	515,187,816
Corrections	2,875,286
Human Resources	76,073,536
Total Current Operating	\$2,154,055,581
Capital Improvement	
Public Education	-0-
Community Colleges	4,049,384
Higher Education	54,916,000
Corrections-Education	-0-
Human Resources-Education	-0-
Total Capital Improvement	\$ 58,965,384
Total General Fund Debt Service	60,230,450
Public Education	35,410,259
Community Colleges	129,755
Higher Education	7,860,813
Corrections-Education	-0-
Human Resources-Education	751,146
Total G.F. Debt Service Education	\$ 44,151,973
Total State Expenditures on Education in Fiscal Year 1980-81	\$2,257,172,938
General Fund Tax Revenue	
Fiscal Year 1980-81	\$2,845,953,000
State Expenditures on Education in 1980-81 as a percent of General Fund Tax Revenue 1980-81	79.3%
*Amount of fines and forfeitures collected during 1980-81 by the courts and distributed to counties for support of the public schools	20,002,132



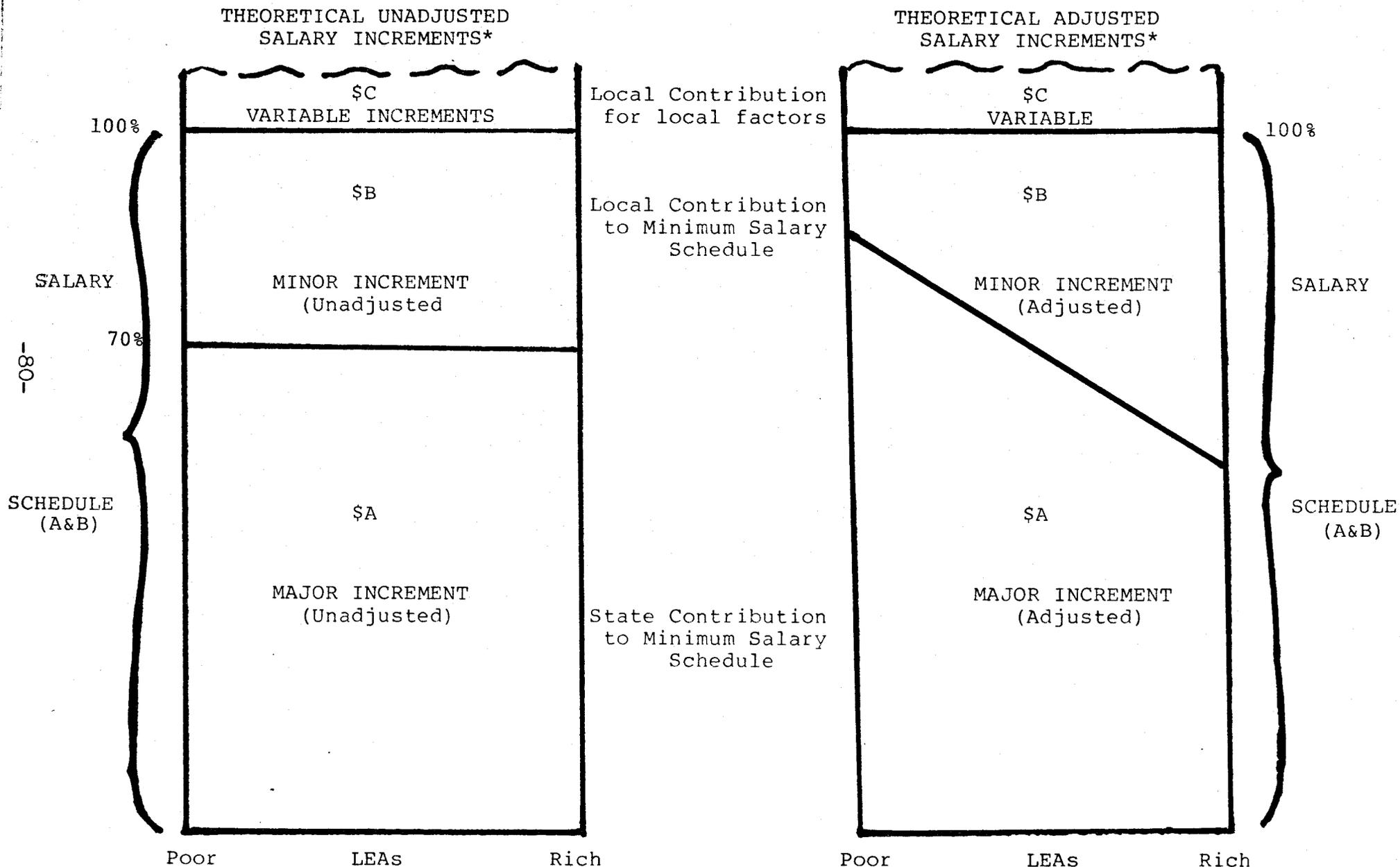
APPENDIX J
SALARY INCREMENTS

THEORETICAL UNADJUSTED
SALARY INCREMENTS

THEORETICAL ADJUSTED
SALARY INCREMENTS



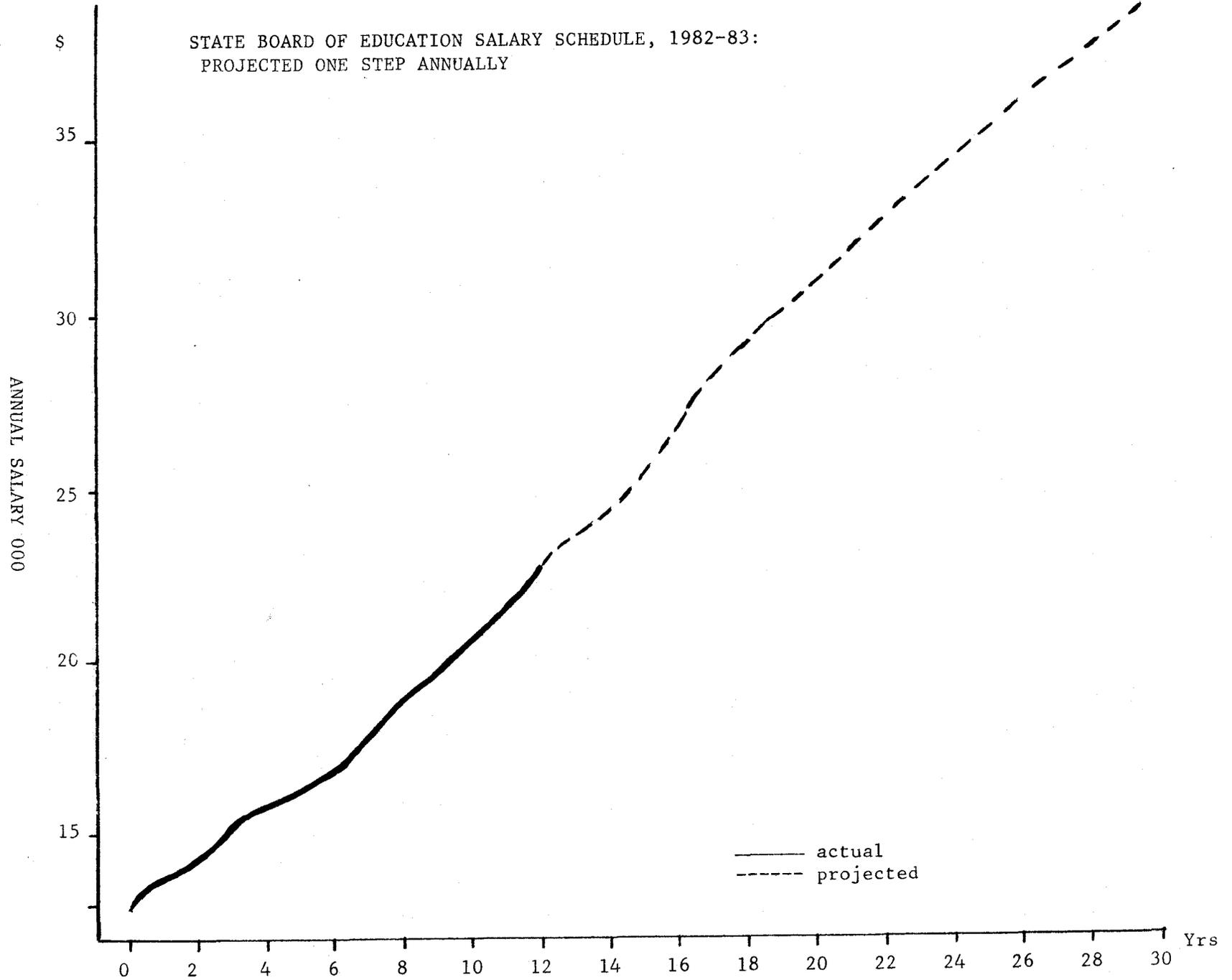
APPENDIX J
SALARY INCREMENTS



*Theoretical dollars assume that the State contribution (not less than 70%) and the Local Contribution (not more than 30%) will equal the current expenditure level.

APPENDIX K-1

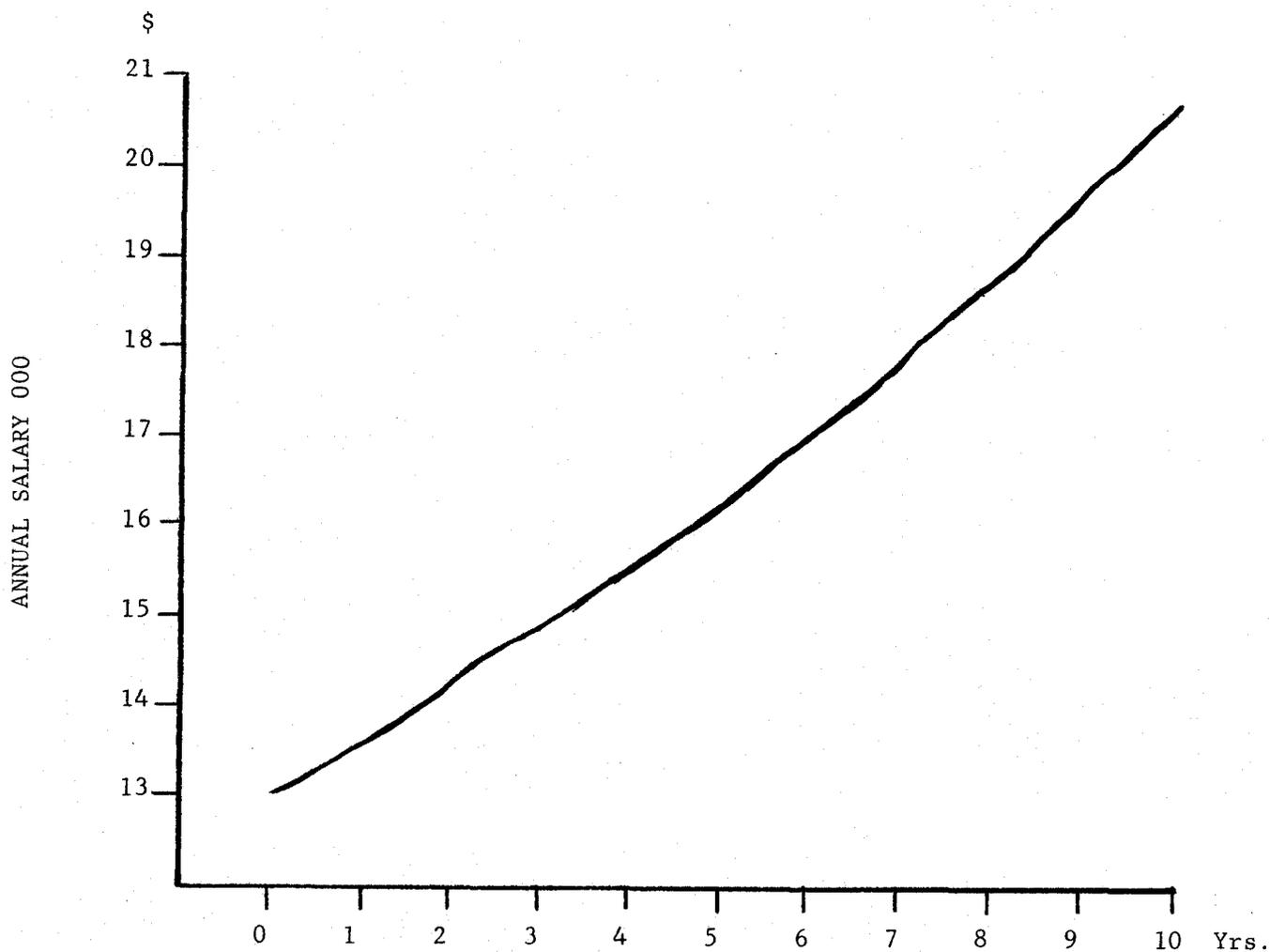
STATE BOARD OF EDUCATION SALARY SCHEDULE, 1982-83:
PROJECTED ONE STEP ANNUALLY



APPENDIX K-2

STATE BOARD OF EDUCATION SALARY SCHEDULE, (GRADE 68)

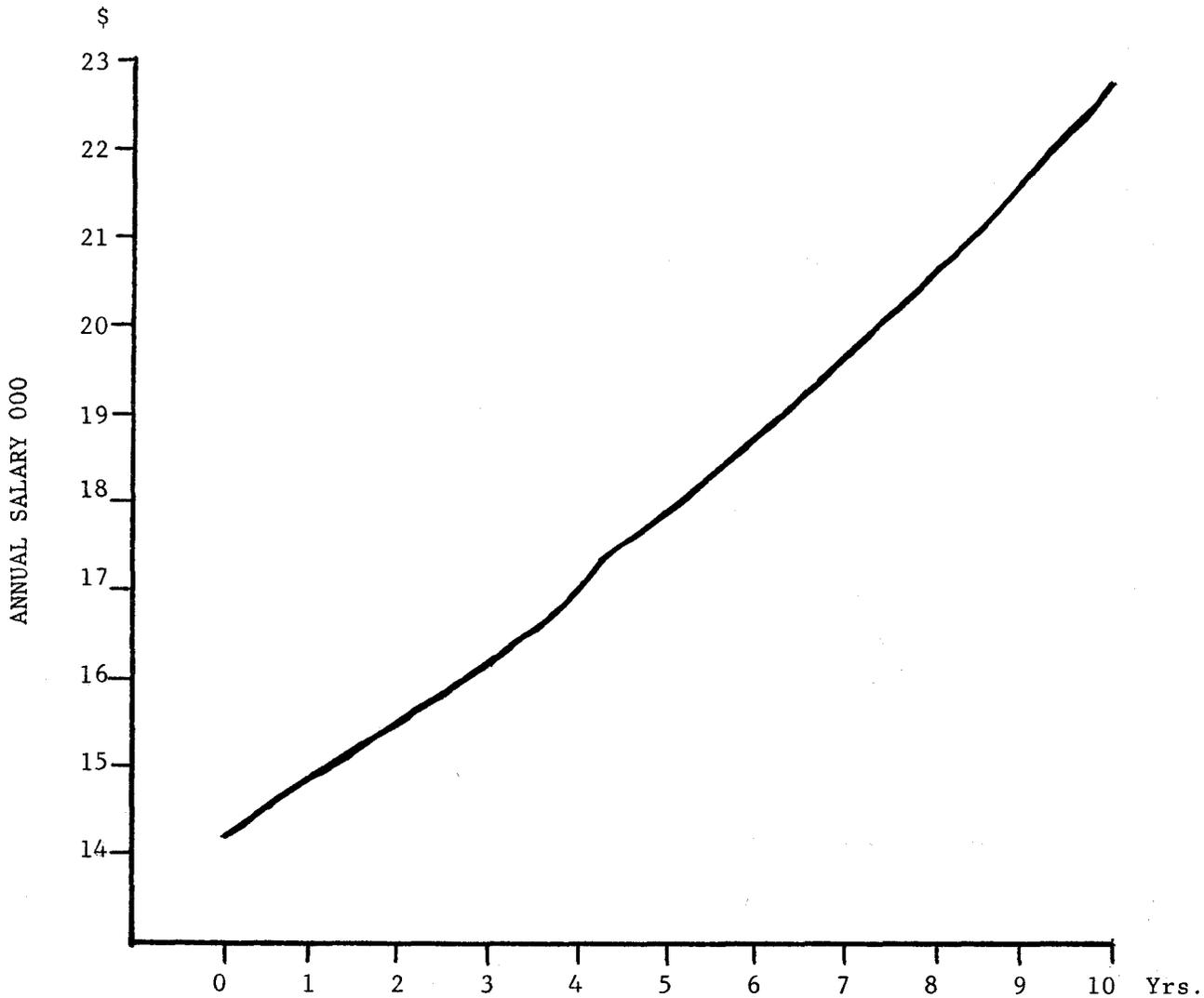
1982 - 83



APPENDIX K-3

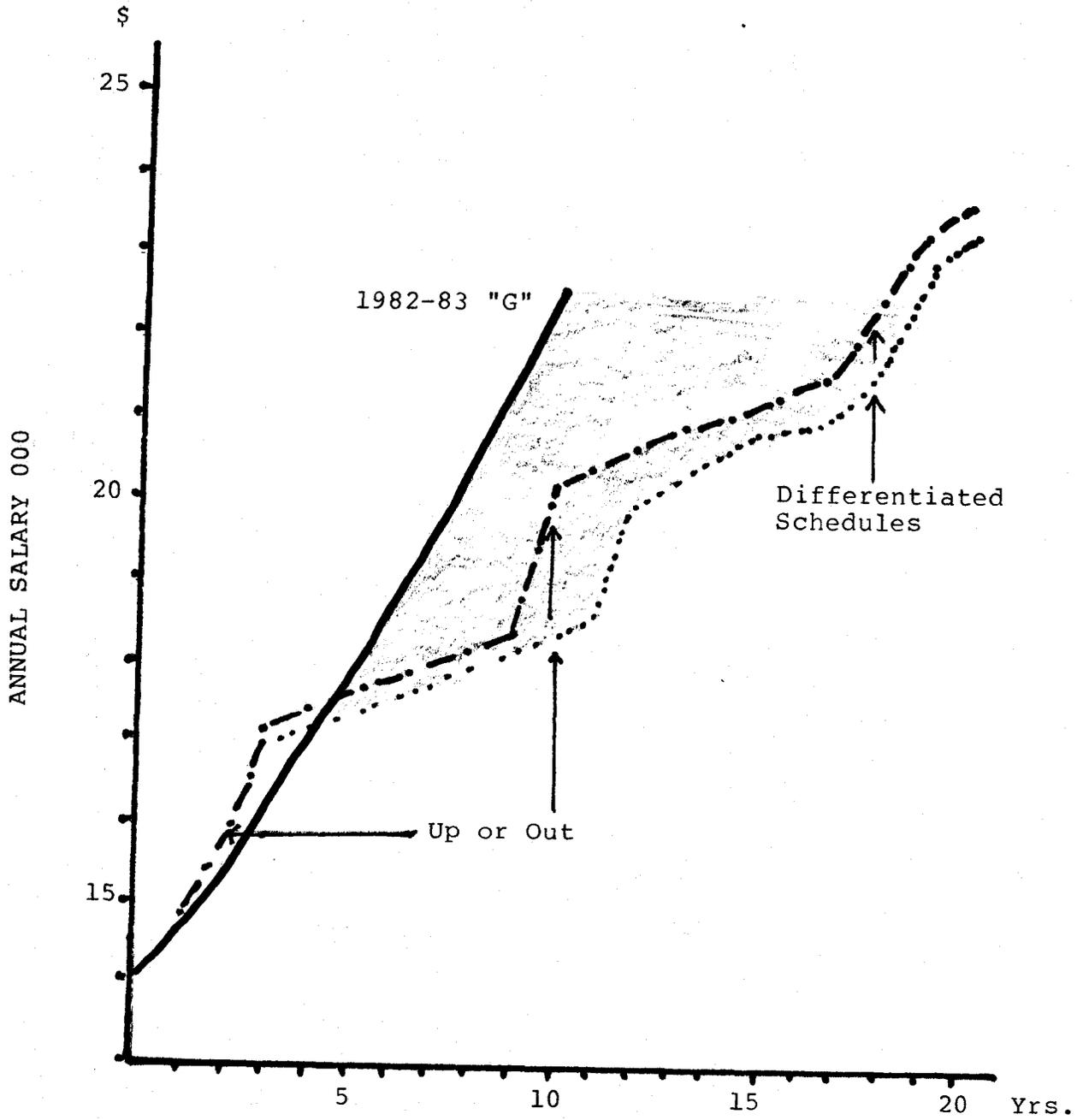
STATE BOARD OF EDUCATION SALARY SCHEDULE (GRADE 70)

1982 - 83



APPENDIX K-4

STATE BOARD OF EDUCATION SALARY SCHEDULE G (70), 1982
AND A PROPOSAL FOR DIFFERENTIATED SCHEDULES



1 Section 1. The Legislative Committee to Study the Department of
2 Public Education is continued. The Committee shall consist of five members
3 appointed by the Speaker of the House and five members appointed by the
4 Lieutenant Governor.

5 Sec. 2. Members of the Committee shall be reimbursed for travel
6 and subsistence expenses at the rates set out in G.S. 120-3.1. All expenses
7 of the Committee shall be paid from funds appropriated to the General Assembly.
8 The Legislative Services Officer shall provide staff to the Committee.

9 Sec. 3. The Committee shall study the fiscal and operational functions
10 of the Department of Public Education and the responsibilities of the several
11 state and local agencies and units of government which share responsibility
12 for the system of public schools. The study shall include policies, procedures,
13 philosophy and educational programs of the Department of Public Education and
14 their application.

15 Sec. 4. The Committee shall report to the 1983 General Assembly,
16 Regular Session 1984. The report shall include recommendations on providing
17 better educational opportunities to the citizens of the State in a more cost-
18 effective manner. The report may include proposed legislation including
19 proposed constitutional amendments.

20 Sec. 5. This act is effective upon ratification.
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Appendix M

State Board of Education - Overlapping Terms of
Members Elected by the General Assembly

Under Proposed System

Congressional <u>District</u>	House Selection <u>(Length of term in parentheses)</u>	Senate Selection <u>(Term Length in in parentheses)</u>
1	1985 (2)	1987 (4)
	1991 (4)	1995 (4)
2	1989 (4)	1985 (4)
	1997 (4)	1993 (4)
3	1985 (4)	1989 (4)
	1993 (4)	1997 (4)
4	1987 (4)	1985 (2)
	1995 (4)	1991 (4)
5	1985 (2)	1987 (4)
	1991 (4)	1995 (4)
6	1989 (4)	1985 (4)
	1997 (4)	1993 (4)
7	1985 (4)	1989 (4)
	1993 (4)	1997 (4)
8	1987 (4)	1985 (2)
	1995 (4)	1991 (4)
9	1985 (2)	1987 (4)
	1991 (4)	1995 (4)
10	1989 (4)	1985 (4)
	1997 (4)	1993 (4)
11	1985 (4)	1989 (4)

<u>Year</u>	1993 (4)		1997 (4)	
	Senate Choices		House Choices	
	<u>District</u>	<u>(Term)</u>	<u>District</u>	<u>(Term)</u>
1985	2	(4)	1	(2)
	4	(2)	3	(4)
	6	(4)	5	(2)
	8	(2)	7	(4)
	10	(4)	9	(2)
		11	(4)	
1987	1	(4)	4	(4)
	5	(4)	8	(4)
	9	(4)		
1989	3	(4)	2	(4)
	7	(4)	6	(4)
	11	(4)	10	(4)

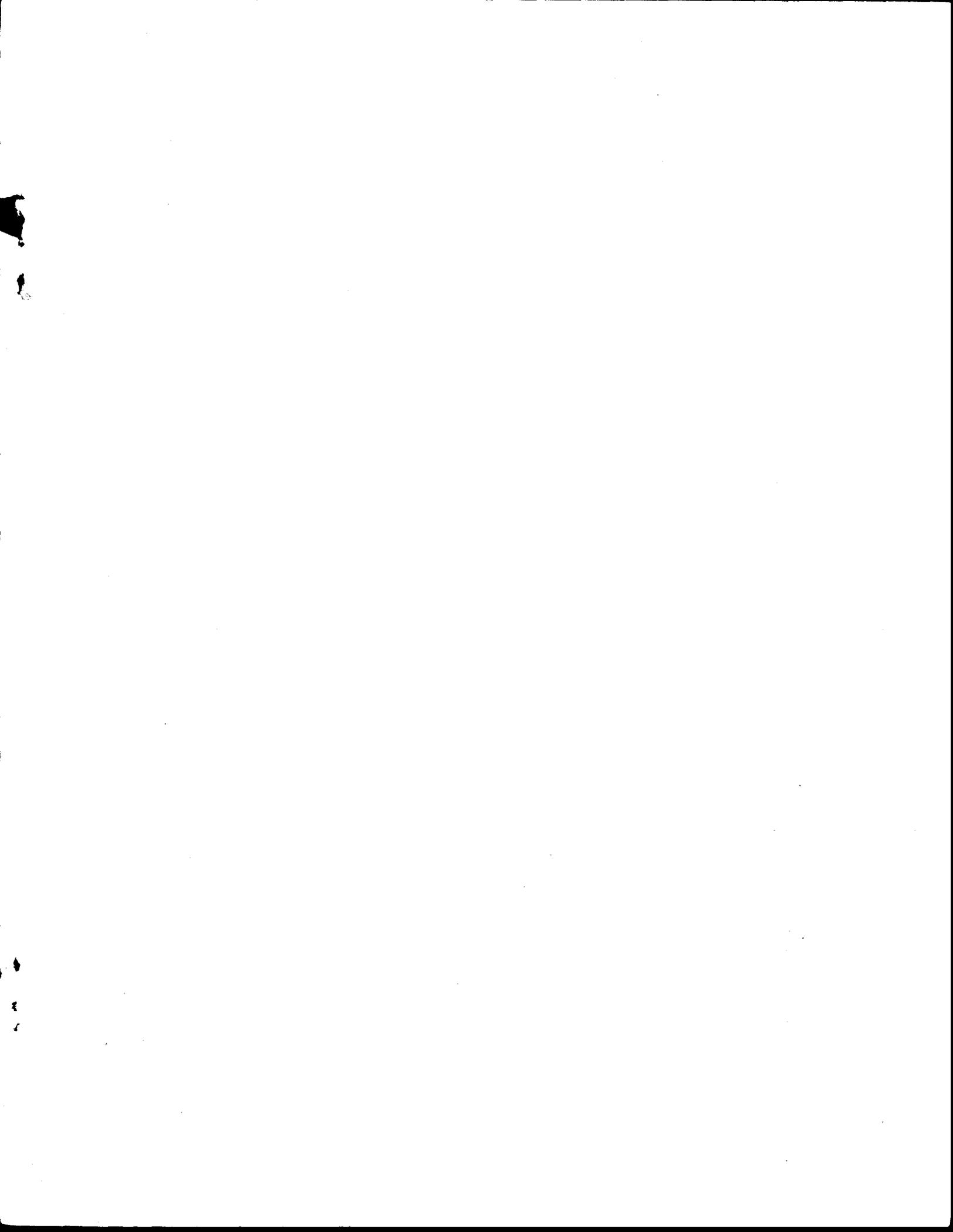
APPENDIX N

Distribution List

Report of Select Committee on Education

House Members	120
Senate Members	50
Governor	5
Lieutenant Governor	2
Speaker of the House	2
President Pro Tempore of the Senate	2
House Principal Clerk	2
Senate Principal Clerk	2
State Treasurer	2
Secretary of State	2
Superintendent of Public Instruction	2
Chairman, State Board of Education	2
Chairman, University Board of Governors	2
Chairman, Board of Community Colleges	2
President, University of North Carolina	2
President, Department of Community Colleges	2
N.C. Association of County Commissioners	102
N.C. League of Municipalities	2
N.C. School Boards Association	145
N.C. Association of School Administrators	5
N.C. Parent Teachers Association	2
Office of State Budget	5
Director, N.C. Principals/Assistant Principals Association	2
President, N.C. Association of Educators	2

Director, N.C. Advisory Council on Education	2
President, N.C. Association of Educational Office Personnel	2
Speakers at Public Hearings (other than those listed above)	7
Legislative Library	93
General Assembly Press Corps	<u>30</u>
TOTAL	600



1900
State Registration Office
Washington, D.C.